

TAX PRACTICE

WEEKLY HIGHLIGHTS

WEEK OF 30 January – 05 February
2025 (Issue 04 -2025)

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TOP STORIES

South Africa prepares for the 2025 State of the Nation Address

As South Africa gears up for the highly anticipated [2025 State of the Nation Address](#) (SONA), all eyes will be on President Cyril Ramaphosa as he delivers his speech on Thursday, 6 February at 19:00 from the Cape Town City Hall. This annual address sets the tone for the government's priorities, policies, and economic outlook for the year ahead.

With pressing challenges on the horizon, businesses and citizens alike will be looking for clarity on the government's strategy to drive economic stability, foster growth, and address key social issues.

For more information on the key themes to watch out for, read [here](#).

Help Combat eFiling Profile Hijacking- participate in the Tax Ombud's Survey

The Office of the Tax Ombud (OTO) is conducting a [critical review of systemic issues](#) related to eFiling profile hijacking and the challenges taxpayers face in resolving them.

If you or your clients have faced difficulties recovering hijacked eFiling profiles, this is your opportunity to share your experience and help improve service delivery.

How to Participate:

Tax practitioners can provide their input by:

1. Completing the survey online: bit.ly/efiling-survey; or
2. Downloading the [survey form](#) and emailing it to communications@taxombud.gov.za.

The deadline for submissions is **5 March 2025**.

[#StayAbreastOfTheTaxWave](#)

Are you a **tax practitioner** with a passion for writing?

Let's feature your article on the Tax Practice: Weekly Highlights.

Send your article to
taxqueries@thesait.org.za.

Approximately 500 – 1500 words

MEMBERS' DIGEST

The Conduit Conundrum: Thistle Trust v. SARS in the Apex Court

Written by: Mbonisi Ndlovu,
SAIT Affiliate Member



In the complex relationship between trust management and taxation, strategic restructuring has facilitated legal compliance while preserving wealth. The *Thistle Trust v Commissioner for the South African Revenue Service* case represents a significant Constitutional Court decision in South Africa concerning the application of the conduit principle to capital gains tax within tiered trust structures.

The Thistle Trust ("**Trust**"), is an *inter vivos* discretionary trust that served as a beneficiary to multiple trusts within the Zenprop Group, a property development group. Between the 2014 and 2016 tax years, Zenprop disposed of assets and transferred the resulting capital gains to the Trust, which then distributed them to its beneficiaries. After a tax audit, SARS contended that the capital gains should be taxed within the Trust, arguing that the conduit principle should not apply to the capital gains at the trust level. The Commissioner for the South African Revenue Service ("**SARS**") raised an assessment against the Trust for those years for capital gains that the Commissioner contended had accrued to the Trust, imposed a 50% understatement penalty, and required the Trust to pay interest on the outstanding tax liability.

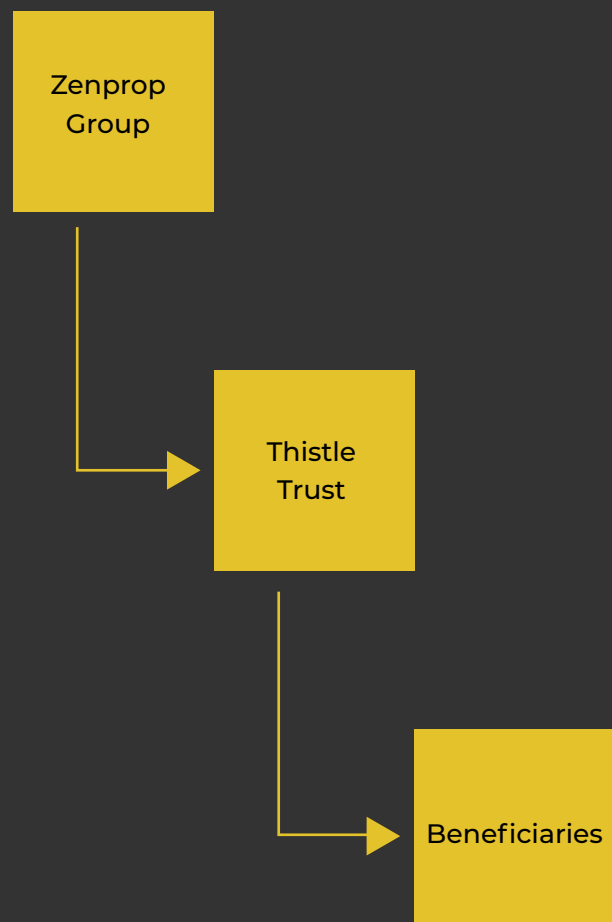
This case highlights key issues concerning tax liability, trust structures, and the application of the conduit principle. The conduit principle

traditionally enables income to flow through trusts to beneficiaries without changing its nature for tax purposes. The court's decision has significant implications for trust and tax planning, especially for high-net-worth individuals utilising tiered trusts.

The primary issues in this case were:

1. Does the conduit principle apply to capital gains tax within tiered trust structures?
2. How should sections section 25B and paragraph 80 of the Eighth Schedule of the Income Tax Act 28 of 1962 ("**Act**"), be interpreted concerning tiered trust structures?
3. Should capital gains tax be imposed on the Trust or on the beneficiaries who ultimately receive the capital gains?

The below structure is a visual representation which demonstrates the flow of capital gains through the tiered trust structure.



- Zenprop Group (Trust Level 1) represents the initial trust that disposes of assets and generates capital gains.
- Thistle Trust (Trust Level 2) is the intermediary trust that receives the capital gains from Zenprop and is involved in distributing them.
- Beneficiaries (Trust Level 3) are the individuals who ultimately receive the capital gains from the Thistle Trust.

Tax Court

The initial hearing took place in the Tax Court, where the Trust argued that the conduit principle applied, allowing capital gains to pass through the trust to beneficiaries without changing their tax character. The Tax Court sided with the Trust, holding that section 25B of the Act allowed the application of the conduit principle and that the capital gains tax should be assessed in the hands of the ultimate beneficiaries rather than the Trust. This judgment relied primarily on previous case law that established the conduit principle as a robust aspect of South African tax law.

Supreme Court of Appeal (“SCA”)

SARS appealed to the SCA, which overturned the Tax Court’s decision. The SCA ruled that the conduit principle should not apply to capital gains in a multi-tiered trust structure. It found that paragraph 80(2) of the Eighth Schedule of the Act specifically limited the conduit principle’s application, such that the Trust, as the first beneficiary trust, was liable for the capital gains tax. According to the SCA, the legislative framework did not allow the principle to extend beyond the initial trust.

Constitutional Court

The Trustees of the Trust were not in agreement with this decision. The matter then ascended to the Constitutional Court where the justices were divided. There was a differing judicial perspective. The majority opinion, delivered by Justice Chaskalson, upheld the SCA’s judgment, finding that paragraph 80(2) of the Eighth Schedule of the Act restricted the application of the conduit principle to capital

gains that arose directly within the initial trust. The majority concluded that the amendments made in 2008 and 2020 to the Act indicated a legislative intent to prevent multi-tiered trust arrangements from avoiding capital gains tax liability. However, the minority opinion, led by Justice Bilchitz, argued that the common law conduit principle should be allowed to flow through multiple trust layers, thereby supporting the view that tax should be assessed at the level of the beneficiaries.

Analysis

The judicial disagreement revolves around how to interpret tax laws, particularly regarding the role of common law principles. On the one hand, the majority took a textualist approach, focusing on the specific wording of legislative amendments, which they argued limited the conduit principle. On the other hand, the minority favoured a purposive approach, advocating for an interpretation that aligns with the broader historical and equitable purposes of the conduit principle.

Although the decision cannot be challenged, this ruling raises several questions and reveals underlying complexities:

- The court’s restriction on applying the conduit principle to capital gains raises questions about whether the tax liability reflects the spirit of the conduit principle, which aims to tax income in the hands of its ultimate recipient. Is it equitable for beneficiaries to avoid capital gains tax while the trust bears the full burden?
- The court referenced legislative changes made in 2008 and 2020 to restrict the conduit principle’s application. However, it remains unclear whether these amendments truly aimed to prevent all tiered trusts from applying the principle to capital gains. How does this interpretation align with the broader legislative goal of taxing trusts in a manner that reflects economic substance rather than form?
- The decision challenges the common strategy of using tiered trusts to manage tax liabilities. Does this judgment restrict the flexibility that trusts offer in tax planning?

The ruling reflects a careful examination of legislative intent and statutory interpretation, emphasising that trusts like Thistle Trust may not transfer capital gains tax liability beyond the first level of trust beneficiaries.

For taxpayers, this judgment emphasises the importance of careful tax planning and compliance when dealing with complex trust arrangements. In light of the Court's interpretation, trustees must be mindful of how they distribute capital gains to ensure that they are in line with the relevant legislative framework. This decision indicates that trust structures previously used to reduce tax liabilities may need to be reconsidered, particularly in situations where capital gains were meant to pass through multiple layers of trusts.

In response to this ruling, taxpayers should reassess their trust configurations and ensure that capital gains are properly accounted for at the correct trust level. This proactive approach will help prevent unanticipated liabilities and ensure compliance with the current tax laws governing capital gains in trusts.

In light of this landmark ruling, those involved with tiered trust structures for managing capital gains should tread carefully. This decision signals a shift toward stricter tax scrutiny on multi-layered trusts, particularly when it comes to capital gains. Now more than ever, it is crucial to reevaluate your trust strategies to ensure you are not caught off guard by unexpected tax liabilities. Staying informed on future legislative updates is essential, as even subtle changes could further reshape how the conduit principle applies to trust taxation.

PART A: COMPLIANCE & SARS OPERATIONS

SAIT-SARS 'ON-THE-GROUND' ENGAGEMENT

SAIT makes submission to SARS on critical system enhancements

The Department of Home Affairs maintains a Critical Skills List that identifies occupations experiencing a shortage of qualified professionals within the country. This list is essential for the Critical Skills Work Visa program, which facilitates the attraction of foreign talent to support South Africa's economic and developmental goals.

Since October 2023, tax professionals have been officially recognised as a critical skill in [Government Gazette No. 49402](#). As a result, many qualified foreign tax professionals are now permitted to practice in South Africa under a Critical Skills Work Visa.

However, SARS' system currently links Practice Registration (PR) numbers to an individual's ID or passport number. When a work visa is renewed or a new passport is issued, the PR number remains linked to the old passport details. This creates significant challenges, preventing tax professionals from reactivating or verifying their PR numbers—even after physically visiting a SARS branch to update their demographic information.

To address this, SAIT has [submitted a request](#) to SARS and has requested they implement system enhancements to **ensure PR numbers are automatically linked to the updated passport number**.

SAIT has been informed that the submission is currently under review by the relevant stakeholders within SARS. Further updates will be provided to members as soon as further feedback is received.

Reminder on how to avoid the “No Active Cases” message

Over the past few weeks, SAIT has received several queries regarding the 'Supporting Documents Upload' section on the SARS Online Query System (SOQS). Members have encountered difficulties, particularly when attempting to add additional documents to existing cases, such as Registered Representative case activations. A common frustration is the appearance of the message “no active cases”.

The issue typically arises when individuals mistakenly enter their personal details (such as their income tax number) instead of the company's details. To locate the correct case number, members must input the company's registration number, company income tax number, and trading name into the query case form. When personal details are used instead of the company's information, the system is unable to locate the case number, triggering the “no active cases” message.

SAIT's consultants have tested this process and can confirm that entering the correct company details resolves the issue, allowing the case number to be located. Every member we have assisted with this adjustment has reported successful results.

Reminder on the deregistration of tax types and the submission of nil returns for compliance purposes

A key requirement for deregistering a tax type is that the taxpayer must be fully compliant—ensuring all tax returns are submitted and all outstanding debts are settled—before the tax type can be deregistered.

Historically, the 90-business-day turnaround time for deregistration cases has been far exceeded. As a result, by the time the case is being considered, additional tax returns may have become due or remain outstanding, thus impacting the taxpayer’s compliance status. In response, many taxpayers and tax practitioners opt to submit nil-value returns to maintain compliance until the deregistration process is finalised.

Taxpayers and tax practitioners are urged to refrain from this practice. This is because, although a deregistration case may not be finalised, SARS places the tax number under ‘suspense’ pending the outcome of the compliance audit. Submitting a nil value return during this period reactivates the tax type, returning it from suspended to active status. In these circumstances, the tax returns then become ‘required’ again, complicating the deregistration process.

Unfortunately, SARS doesn’t proactively inform taxpayers when a tax type is placed under suspense. Therefore, before submitting any nil value returns, taxpayers and tax practitioners are urged to check the status of the tax type on the RAV01 form, under ‘My Tax Products’.

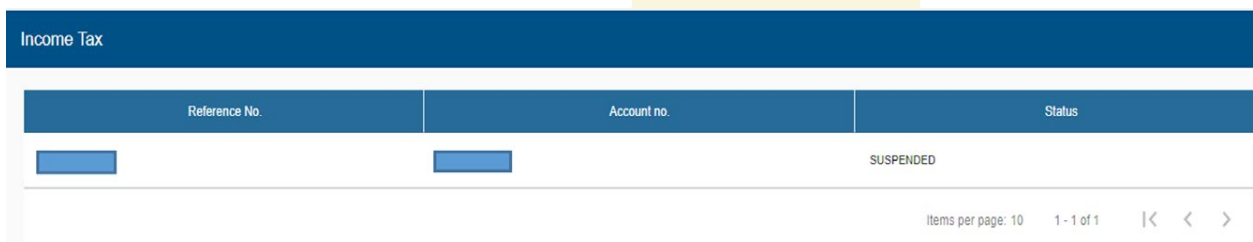
Illustrative examples:

Active tax type:



The screenshot shows the SARS RAV01 form interface. At the top, there is a blue header with the text 'Income Tax'. Below this is a table with three columns: 'Reference No.', 'Account no.', and 'Status'. The 'Reference No.' column contains a blue rectangular placeholder. The 'Account no.' column contains the text 'N/A'. The 'Status' column contains the text 'ACTIVE'.

Reference No.	Account no.	Status
[Redacted]	N/A	ACTIVE



The screenshot shows the SARS RAV01 form interface. At the top, there is a blue header with the text 'Income Tax'. Below this is a table with three columns: 'Reference No.', 'Account no.', and 'Status'. The 'Reference No.' and 'Account no.' columns both contain blue rectangular placeholders. The 'Status' column contains the text 'SUSPENDED'. At the bottom right of the table, there is a footer that reads 'Items per page: 10 1 - 1 of 1' followed by navigation arrows.

Reference No.	Account no.	Status
[Redacted]	[Redacted]	SUSPENDED

Suspended tax SAIT TaxHelpline – escalations

As part of our ongoing commitment to serving our members, SAIT escalates appropriate cases within the SARS structures on their behalf. For assistance with this members can submit their queries via the [TaxHelpline](#).

Read more on the process and requirements [here](#).

The most urgent escalations this week include:

1. Delays in finalising 2024 income tax and VAT verifications.
2. Delays in finalising bank verification cases.
3. Delays in finalising and payment refunds.
4. Delays in finalising digital fraud cases.

SARS regional and national operational meetings

SAIT and its Regional Representatives attend SARS/RCB regional meetings quarterly, offering opportunities for effective, systemic discussions (qualifying for CPD points)*.

* For effective and meaningful engagement with SARS, Regional Representatives are encouraged to provide three specific examples of issues or challenges that arise. It is important to note that regional meetings are not intended for individual case escalations but serve as a platform to address systemic issues impacting the broader tax practitioner community.

Feedback from the RCB/SARS regional and national meetings

Feedback from the Western Cape VAT registration requirements workshop held on Monday, 27 January 2025, may be accessed [here](#).

Upcoming RCB/SARS regional and national meetings

1. Gauteng South – 12 February 2025
2. North West – 17 February 2025;
3. Mpumalanga – Emalahleni – 17 February 2025;
4. Gauteng North – 20 February 2025;
5. Mpumalanga – Mbombela – 21 February 2025;
6. Western Cape – 5 March 2025
7. Free State and Northern Cape – 10 March 2025;
8. Limpopo – 11 March 2025;
9. Eastern Cape – Gqeberha and Kareiga – 12 March 2025
10. Free State and Northern Cape – 9 June 2025;
11. Eastern Cape – Gqeberha and Kareiga – 25 June 2025
12. Eastern Cape – Gqeberha and Kareiga – 13 August 2025
13. Free State and Northern Cape – 8 September 2025; and
14. Free State and Northern Cape – 10 November 2025.
15. Eastern Cape – Gqeberha and Kareiga – 12 November 2025

Other meetings of interest

1. RCB Forum meeting- 4 March 2025;
2. RCB Forum meeting- 3 June 2025;
3. RCB Forum meeting tentatively scheduled for 16 September 2025;
4. RCB Forum meeting- 18 November 2025

DAILY COMPLIANCE AND ADMINISTRATION

Due dates for reporting and payments: February 2025

Month	Date	Tax Type	Notification
February 2025	07/02/2025	Employment Taxes	EMP201 - Submissions and payments
	25/02/2025	Value-Added Tax	VAT201 - Manual submissions and payments
	28/02/2025	Value-Added Tax	VAT201 - Electronic submissions and payments
	28/02/2025	Income Tax	ITR14 - Submission deadline for the 2024 returns for companies with a February year-end
	28/02/2025	Income Tax	2nd provisional (2025) - Submissions and payments for individuals, trusts and companies with a February year-end
	28/02/2025	Income Tax	2025 closing odometer reading for logbook purposes
	28/02/2025	Turnover Tax	2nd TT02 (2025) - Payments for micro-businesses registered for turnover tax

SAIT member resources

- [SAIT important tax dates calendar](#) – contains important dates from January 2025 to January 2026 (unchanged).
- [SAIT SARS contact map](#) – links service requirements to SARS channels (unchanged).

Key operational news

SARS reports on the fruits of Filing Season 2024

Filing Season 2024 officially came to a close on Monday, 20 January 2025 with the filing of tax returns for provisional taxpayers and Trusts. SARS has announced that 2024 was another year of significant compliance and engagement from taxpayers.

Filing Season Highlights

According to SARS:

- **543,252** provisional taxpayers filed their returns, representing a **4.76% increase** from 517,356 in the 2023 tax year.
- Additionally, **162,690** provisional taxpayers filed outstanding returns from previous years, bringing the total to **705,942** provisional tax submissions.
- **84,134** Trusts submitted their returns for the 2024 year of assessment, up from 68,890 the previous year. With 80,132 Trusts filing for prior years, the overall total stands at **164,266**.
- Non-provisional taxpayers also demonstrated significant compliance, with **6,797,055** filing their returns or being auto-assessed. Notably, **4,765,753** were auto-assessed, marking a **24.94% increase** from 3,577,239 in the previous year.

Encouraging Compliance

While the increase in tax submissions is promising, SARS remains focused on full tax compliance. The growing number of auto-assessments and voluntary submissions reflects improved taxpayer engagement, however, SARS is committed to making tax compliance easier by enhancing digital platforms like eFiling. At the same time, non-compliance will result in penalties, interest, and potential legal consequences.

The Role of trust representatives

Trust representatives must remember that they bear legal liability for meeting their Trusts' tax obligations. Even when using tax practitioners, all trustees remain jointly and individually liable for ensuring compliance.

SARS's Vision for the Future

SARS Commissioner Edward Kieswetter expressed appreciation to taxpayers for their efforts in fulfilling their tax obligations. He emphasised SARS' ongoing investment in technology, artificial intelligence, and data science to make compliance more seamless and efficient.

"While SARS is pleased with the general increase in compliance, it is too early to declare victory. In this regard, SARS will continue to employ the latest technology, artificial intelligence, and data science to foster voluntary compliance by ensuring that transacting with the organisation is an effortless and seamless experience that will lessen compliance burden", Kieswetter stated.

SARS Reports on Two-Pot System Withdrawals and Tax Compliance

Since the introduction of the 'two-pot' retirement system on 1 September 2024, SARS has received an astonishing number of tax directive applications related to withdrawal benefits. In just five months, SARS received **2,664,279 tax directive applications** with over **2,4 million approved**. Rejections were mainly due to errors such as incorrect identity or tax numbers.

To date, **R43.42 billion** has been withdrawn from retirement funds.

- **Emphasis on digital services**

SARS continues to encourage taxpayers to use digital platforms for tax-related services. The simulated WhatsApp tax calculator has been used **90,283 times**, while the SARS website calculator, part of the SARS Online Query System (SOQS), recorded **952,403 uses**. Additionally, **128,802 queries** were received via voice channels, and **24,278 queries** were handled at SARS branches.

By utilising digital services, taxpayers can avoid long queues and access an accurate, fast, and user-friendly system.

- **Tax directive process and tax compliance**

SARS has expressed gratitude to retirement fund management entities for their cooperation in streamlining the directive approval process. Tax directive applications are processed **24 hours a day, 7 days a week** and, if submitted within operating hours, are typically approved within an hour.

Taxpayers applying for withdrawals must ensure that:

- ~ Their tax and identity numbers are correct.
- ~ They have no outstanding SARS debt.
- ~ They understand that any outstanding debt with SARS may be deducted from the final payout.

It is important to understand that the withdrawals from the two-pot system are taxed at a marginal rate of 18%–45%, rather than at the preferential Lump Sum Withdrawal Benefit tax rates depending on the taxpayer's income bracket during the year of assessment of withdrawal.

• **SARS cracks down on tax evasion**

Despite clear guidelines, **213,654 taxpayers** were flagged for misrepresenting taxable income to secure a lower tax rate. SARS Commissioner Edward Kieswetter has warned that tax evasion is a serious offense and will result in penalties.

"If a taxpayer understates their income, they are intentionally involved in evading their tax obligation. A penalty will be imposed on those who do so," Kieswetter cautioned.

To mitigate some of the risks identified, SARS has enhanced the tax directive process. This enhancement involves SARS verifying the taxable income declared on the directive with the prior year's taxable income to determine if the declaration may be accurate. Where a discrepancy is identified, SARS would reject the tax directive. Taxpayers are urged to comply with regulations to avoid legal consequences.

These figures suggest that a significant portion of the working class is experiencing financial distress, prompting them to access their retirement savings prematurely. [A survey by Alexforbes](#) revealed that 50% of individuals used their withdrawals to offset debt, while 30% allocated funds for essential living expenses.

While the 'two-pot' retirement system offers flexibility for those in financial need, the high volume of withdrawals underscores the economic challenges faced by many working-class South Africans. It also highlights the importance of ongoing financial education and support to help individuals balance immediate needs with long-term financial planning.

Reminder on the CIPC-initiated deregistration: What does this mean for directors and public officers?

On 17 January 2025, the Companies and Intellectual Property Commission (CIPC) announced that it had initiated a large volume of company deregistration's due to ongoing low levels of compliance with Annual Returns, Beneficial Ownership, and other obligations under the Companies Act. The Commission stressed that directors must comply with the provisions of the Companies Act, even if their companies are dormant, as dormant companies pose a risk of being used for money laundering, terror financing, and other criminal activities.

The consequences of deregistration for non-compliant businesses are severe. These include directors being personally liable for the company's debts, frozen bank accounts by the relevant banks, service providers refusing to deliver services, and creditors declining to pay, as the business no longer legally exists.

Although businesses can apply for reinstatement after final deregistration, only those that can provide evidence of economic activity or other economic value at the time of final deregistration will be considered for reinstatement. The reinstatement process is cumbersome, requiring proof of economic activity along with the relevant form.

Businesses are advised to check their company status via [Bizportal](#) or [e-Services](#). If the current business status is under the AR deregistration process, businesses must urgently submit all outstanding Annual Returns and Beneficial Ownership Declarations to avoid final deregistration and its consequences.

Other SARS and related operational publications and announcements

- **27 January 2025:** SARS announced that they are preparing to implement enhancements to the Tax Directives process as indicated in the [IBIR-006 Tax Directives Interface Specification Version 6.708](#). The trade testing dates are still to be confirmed, but the software is scheduled for implementation in April 2025. SARS will communicate the exact dates for trade testing and the implementation date closer to the time.

Testers are strongly advised to review the [IBIR-006](#) before proceeding with testing.

TAX PRACTITIONER MANAGEMENT

SAIT TaxHelpline – Tax practitioner access and functionality (eFiling)

No recurring tax practitioner access and functionality issues were identified via the TaxHelpline during the week of 30 January – 5 February 2025.

Key tax practitioner news

No other tax practitioner news was published from 30 January – 5 February 2025.

Government & stakeholder newsletters

SARS publishes the January edition of its newsletters

On 31 January 2025, SARS published the latest editions of the [Tax Practitioner](#) and [Government](#) Connect newsletters. The newsletters cover the following topics:

- Protect Yourself – Use Only Registered Tax Practitioners
- Medical Insurance Taken by Medical Practitioners
- Enhancements to the SARS MobiApp
- Enhancements to the Two-Factor Authentication and eFiling Password Criteria
- Notice of Registration (IT150) Now Issued on WhatsApp
- Videos on Trusts

Other tax practitioner access and functionality publications and announcements

- **3 February 2025:** SARS published the [mobile tax unit](#) schedules for the Limpopo and Free State provinces for February 2025.
- **30 January 2025:** SARS announced that it would be conducting planned upgrades to the eFiling platform on Saturday, 1 February 2025, from 05:00 to 09:00 and 20:00 - 00:00. During these times, the digital platform may have been unavailable.

PART B – LEGISLATION & POLICY

LEGISLATION, INTERNATIONAL AGREEMENTS & POLICY

Tax policy & international agreements

National Legislation

No new National legislation was published in the week of 30 January – 5 February 2025.

LEGISLATIVE INTERPRETATION

Submissions made to SARS and current calls for comment

No submissions relating to tax policy and legislation were made in the week of 30 January – 5 February 2025.

Reminder on legislative interpretation calls for comment

SARS has issued the following call for comment:

Due date	Draft legislation	Comment to
15/02/2025	Draft Interpretation Note 54 (Issue 3) – Deductions not allowed – Corrupt activities fines and penalties and fruitless and wasteful expenditure	policycomments@sars.gov.za
Explanatory Note: This Note provides guidance on the meaning and scope of section 23(o), which prohibits the deduction of expenditure incurred in respect of corrupt activities, fines or penalties imposed due to an unlawful activity, or any expenditure constituting “fruitless and wasteful expenditure” as defined in section 1 of the Public Finance Management Act, 1999. Date published: 20 January 2025		
Progress: The SAIT Tax Technical team will be submitting commentary in respect of this draft legislation. Members who wish to submit commentary may reach out to ksesana@thesait.org.za by no later than 3 February 2025.		

Legislative counsel publications

Reminder on SARS publishing Interpretation Note 136

SARS has published [interpretation note 136](#) that provides clarification on the interpretation and application of PBA 9. This note specifically addresses the provisions outlined in PBA 9, which is detailed in paragraph 9 of Part I. PBA 9 pertains to the administration, development, coordination, or promotion of sport or recreation activities in which participants take part on a non-professional, leisure-based basis. Essentially, it refers to situations where individuals engage in sports or recreational activities not as a career or for monetary gain, but as a pastime or hobby. This guidance helps define the scope and application of PBA 9, ensuring that organisations and entities involved in such activities understand the requirements and standards for compliance.

Essentially, an organisation carrying on PBA 9 must be approved by the Commissioner as a PBO and must, on application and after obtaining such approval, submit of its annual income tax return (IT12EI), satisfy the Commissioner that:

- its sole or principal object is the carrying on of the administration, development, co-ordination or promotion of sport or recreation in which the participants take part on a non-professional basis as a pastime; and
- the receipts and accruals derived by the organisation carrying on PBA 9 meet the requirements of section 10(1)(cN).

It is essential to remember that a PBA 9 organisation bears the burden of proving that it complies with the requirements relative to the approval as a PBO carrying on PBA 9 and must retain the necessary evidence to support the view taken. The burden of proof may be satisfied through the submission of supporting evidence by the organisation, provided that such evidence is reasonable. Compliance with the requirements of PBA 9 will be determined based on the specific facts and circumstances of each individual organisation.

Members are encouraged to study this [interpretation note 136](#) for further and full detail.

Published court cases

No new court cases were published by SARS in the week of 30 January – 5 February 2025.

Other SARS publications and announcements

No other legislative publications or announcements were made by SARS during the week of 30 January – 5 February 2025.

OTHER MATTERS OF INTEREST FOR A TAX PRACTICE

South Africa Prepares for the 2025 State of the Nation Address

As South Africa gears up for the highly anticipated [2025 State of the Nation Address \(SONA\)](#), all eyes will be on President Cyril Ramaphosa as he delivers his speech on Thursday, 6 February at 19:00 from the Cape Town City Hall. This annual address sets the tone for the government's priorities, policies, and economic outlook for the year ahead. With pressing challenges and significant political shifts, this year's address is expected to be particularly noteworthy.

Key themes to watch out for

1. Economic recovery & infrastructure development

In his previous address, President Ramaphosa pledged to turn South Africa into a “construction site,” emphasising large-scale infrastructure projects to drive economic growth and job creation. Given the persistent economic struggles, including high unemployment and fiscal pressures, this year’s SONA will likely expand on efforts to unlock private sector investment and accelerate infrastructure initiatives.

2. Energy & power stability

Load shedding remains one of the country’s most critical challenges. Over the past year, there have been significant efforts to stabilise Eskom and open the market to private energy providers. The address is expected to provide an update on energy reforms, renewable energy investments, and potential timelines for reducing power outages.

3. Job creation & skills development

Unemployment, particularly among the youth, continues to be a pressing issue. The government has previously announced programs to upskill workers in digital industries, manufacturing, and green energy. The 2025 SONA will likely introduce further strategies to enhance workforce readiness and stimulate employment opportunities.

4. Fiscal policy & debt management

South Africa’s budget deficit has widened, and debt levels remain a concern. The government must strike a balance between social welfare programs and fiscal discipline. The address is expected to provide clarity on economic reforms, potential spending cuts, and taxation policies aimed at stabilising public finances.

What this means for South Africans

The 2025 SONA is poised to be one of the most consequential in recent years, as the country faces economic headwinds and political recalibration. Citizens and businesses alike will be looking for clear direction on how the government plans to tackle these challenges while fostering growth and stability.

A post-address analysis and key takeaways from this pivotal event will be provided in issue 5 of the Tax Practice: Weekly Highlights.