

REPUBLIC OF SOUTH AFRICA

TAX ADMINISTRATION LAWS AMENDMENT BILL

*(As introduced in National Assembly (proposed section 75); explanatory summary of Bill
and prior notice of its introduction published in Government Gazette No. 55551 of
16 October 2026)
(The English text is the official text of the Bill)*

(MINISTER OF FINANCE)

[] Words in bold type in square brackets indicate omissions from existing enactments.

To—

- amend the Income Tax Act, 1962, so as to exclude certain exempt entities from the definition of “provisional taxpayer” in the Fourth Schedule to the Act; to include an additional requirement with regard to the obligation by a non-resident employer to withhold employees’ tax; to adjust the taxable income threshold for provisional taxpayers for purposes of calculating a penalty for underpayment of provisional tax as a result of underestimation; and to provide that the estimate for purposes of the calculation of the penalty for underpayment of provisional tax as a result of underestimation will be deemed to be equal to any payment made by the provisional taxpayer, in relation to such estimate, unless the Commissioner is satisfied that the failure to make payment was not due to the intention to postpone payment or negligence by the provisional taxpayer;
- amend the Customs and Excise Act, 1964, so as to insert a definition; to expressly provide for goods temporarily exported under international carnets and for the Commissioner to prescribe requirements for the use of international carnets when goods are temporarily imported or exported, including the types of carnets, the issuing thereof, the validity period and replacement thereof, the manner of submission as well as requirements in relation to release of goods on authority of such carnets; to clarify a provision relating to the claiming of carbon tax refunds which must be administered as refunds in terms of the Customs and Excise Act, 1964; to circumscribe the exercise of the Commissioner’s discretion to exempt non-compliance with conditions or requirements in relation to goods admitted under rebate of duty; and to make technical corrections;
- amend the Value-Added Tax Act, 1991, so as to provide for additional information to be contained in a tax invoice on acquisition of second-hand goods subsequently supplied by a vendor; to expand the documentary requirements for second-hand goods; and to remove the distinction between the date of submission of returns and payment of value-added tax by vendors that submit returns electronically and vendors that do not;
- amend the Tax Administration Act, 2011, so as to provide for the reporting by a bank of an amount that will be deposited into the account of a client where the bank reasonably suspects that the payment of the amount is related to a tax offence; to adjust the period for which no collection steps may be taken by SARS once a decision has been made with regard to a request for remittance of an administrative non-compliance penalty; to enable a taxpayer to apply for the remission of interest under a tax Act, where that taxpayer has applied for voluntary disclosure relief under the Act; to provide that a taxpayer’s tax compliance status may be indicated as compliant pending the outcome of a

- request for remission of an administrative non-compliance penalty; to make a consequential amendment; and
- amend the Tax Administration Laws Amendment Act, 2014, so as to amend an effective date,
- and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of paragraph 1 of Fourth Schedule to Act 58 of 1962, as amended by section 22 of Act 72 of 1963, section 44 of Act 89 of 1968, section 44 of Act 89 of 1969, section 37 of Act 88 of 1971, section 47 of Act 85 of 1974, section 6 of Act 30 of 1984, section 38 of Act 121 of 1984, section 20 of Act 70 of 1989, section 44 of Act 101 of 1990, section 44 of Act 129 of 1991, section 33 of Act 141 of 1992, section 48 of Act 113 of 1993, section 16 of Act 140 of 1993, section 37 of Act 21 of 1995, section 34 of Act 36 of 1996, section 44 of Act 28 of 1997, section 52 of Act 30 of 1998, section 52 of Act 30 of 2000, section 53 of Act 59 of 2000, section 19 of Act 19 of 2001, section 32 of Act 30 of 2002, section 46 of Act 32 of 2004, section 49 of Act 31 of 2005, section 28 of Act 9 of 2006, section 39 of Act 20 of 2006, section 54 of Act 8 of 2007, section 64 of Act 35 of 2007, section 43 of Act 3 of 2008, section 66 of Act 60 of 2008, section 17 of Act 18 of 2009, section 18 of Act 8 of 2010, section 93 of Act 24 of 2011, section 271 of Act 28 of 2011, section 7 of Act 39 of 2013, section 7 of Act 44 of 2014, section 6 of Act 23 of 2015, section 5 of Act 16 of 2016, section 8 of Act 13 of 2017, section 16 of Act 17 of 2017, section 4 of Act 22 of 2018, section 6 of Act 24 of 2020, section 36 of Act 20 of 2021, section 5 of Act 12 of 2024, section 2 of Act 43 of 2024 and section 6 of Act 6 of 2025

1. Paragraph 1 of the Fourth Schedule to the Income Tax Act, 1962 (Act No. 58 of 1962), is hereby amended—

- by the deletion in paragraph (c) of the definition of “provisional taxpayer” of the word “and” after subparagraph (ff);
- by the insertion in paragraph (c) of the definition of “provisional taxpayer” of “and” after subparagraph (gg); and
- by the addition in paragraph (c) in the definition of “provisional taxpayer” after subparagraph (gg) of the following subparagraph:

“(hh) any institution, board or body contemplated in section 10(1)(cA)(i), any association, corporation or company contemplated in section 10(1)(cA)(ii), any benefit fund contemplated in section 10(1)(d)(ii), or any water services provider contemplated in section 10(1)(t)(ix) of this Act;”.

Amendment of paragraph 2 of Fourth Schedule to Act 58 of 1962, as inserted by section 19 of Act 6 of 1963 and amended by section 23 of Act 72 of 1963, section 29 of Act 55 of 1966, section 38 of Act 88 of 1971, section 48 of Act 85 of 1974, section 30 of Act 103 of 1976, section 28 of Act 113 of 1977, section 29 of Act 104 of 1980, section 40 of Act 90 of 1988, section 21 of Act 70 of 1989, section 45 of Act 101 of 1990, section 45 of Act 129 of 1991, section 38 of Act 21 of 1995, section 45 of Act 28 of 1997, section 53 of Act 30 of 2000, section 54 of Act 59 of 2000, section 20 of Act 19 of 2001, section 21 of Act 16 of 2004, section 50 of Act 31 of 2005, section 40 of Act 20 of 2006, section 55 of Act 8 of 2007, section 65 of Act 35 of 2007, section 20 of Act 4 of 2008, section 67 of Act 60 of 2008, section 18 of Act 18 of 2009, section 94 of Act 24 of 2011, section 19 of Act 21 of 2012, section 13 of Act 26 of 2013, section 8 of Act 39 of 2013, section 68 of Act 44 of 2014, section 6 of Act 16 of 2016, section 9 of Act 13 of 2017, section 66 of Act 17 of 2017, section 67 of Act 23 of 2018, section 51 of Act 34 of 2019, section 79 of Act 23 of 2020, section 37 of Act 20 of 2021, section 13 of Act 18 of 2023, section 6 of Act 12 of 2024, section 3 of Act 43 of 2024 and section 4 of Act 44 of 2024

2. Paragraph 2 of the Fourth Schedule to the Income Tax Act, 1962, is hereby amended by the addition in subparagraph (1) of the following proviso:

“: Provided that in the case of an employer contemplated in item (b), that pays or becomes liable to pay any remuneration to the employee, that remuneration must be borne by the permanent establishment of the employer in the Republic.”.

Amendment of paragraph 20 of Fourth Schedule to Act 58 of 1962 as amended by section 25 of Act 72 of 1963, section 29 of Act 88 of 1965, section 47 of Act 89 of 1969, section 44 of Act 88 of 1971, section 51 of Act 85 of 1974, section 36 of Act 69 of 1975, section 50 of Act 94 of 1983, section 39 of Act 121 of 1984, section 19 of Act 61 of 2008, section 24 of Act 18 of 2009, section 271 of Act 28 of 2011, section 23 of Act 21 of 2012, section 10 of Act 44 of 2014, section 17 of Act 23 of 2015, section 13 of Act 16 of 2016 and section 16 of Act 18 of 2023

3. (1) Paragraph 20 of the Fourth Schedule to the Income Tax Act, 1962, is hereby amended—

- (a) by the substitution in subparagraph (1) for the words in item (a) preceding subitem (i) of the following words:

“more than **[R1 million]** R1 800 000 and the final or last estimate of taxable income submitted by that provisional taxpayer in terms of paragraph 19(1)(a) or (b) in respect of that year of assessment is less than 80 per cent of the amount of the provisional taxpayer’s taxable income, the Commissioner must impose a penalty, which is deemed to be a percentage based penalty imposed under Chapter 15 of the Tax Administration Act, equal to 20 per cent of the difference between—”;
- (b) by the substitution in subparagraph (1) for the words in item (b) preceding subitem (i) of the following words:

“**[R1 million]** R1 800 000 or less and the final or last estimate of taxable income submitted by that provisional taxpayer in terms of paragraph 19(1)(a) or (b) in respect of that year of assessment is less than 90 per cent of the amount of the provisional taxpayer’s taxable income and is also less than the basic amount applicable to that estimate, as contemplated in paragraph 19(1)(d), the Commissioner must impose a penalty, which is deemed to be a percentage based penalty imposed under Chapter 15 of the Tax Administration Act, equal to 20 per cent of the difference between—”;
- (c) by the addition in subparagraph (1) of the following further proviso:

“: Provided further that, for purposes of this subparagraph, if the payment contemplated in paragraph 21(1)(b) or 23(1)(b) is not made in full within one month from the date such payment was due, the provisional taxpayer shall be deemed to have submitted a final or last estimate equal to the aggregate amount of payments, employees tax deducted and tax proved to be payable as contemplated under paragraph 21 or 23, as the case may be, in respect of estimates submitted under that paragraph on or before the expiry of that period.”; and
- (d) by the substitution for subparagraph (2) of the following subparagraph:

“(2) Where the Commissioner is satisfied that the amount of any estimate referred to in subparagraph (1) was seriously calculated with due regard to the factors having a bearing thereon and was not deliberately or negligently understated, or if the Commissioner is partly so satisfied, the Commissioner may in his or her discretion remit the penalty or a part thereof: Provided that where the further proviso to subparagraph (1) applies, the Commissioner shall not remit any portion of the penalty under this paragraph unless he or she is satisfied that the failure to pay the amount in full was not due to the intention to postpone payment of the provisional tax or negligence by the provisional taxpayer.”.

(2) Subsection (1)(a) and (b) is deemed to have come into operation on 1 March 2026 and applies to years of assessment commencing on or after this date.

Amendment of section 1 of Act 91 of 1964, as amended by section 1 of Act 95 of 1965, section 1 of Act 57 of 1966, section 1 of Act 105 of 1969, section 1 of Act 98 of 1970, section 1 of Act 71 of 1975, section 1 of Act 112 of 1977, section 1 of Act 110 of 1979, sections 1 and 15 of Act 98 of 1980, section 1 of Act 89 of 1984, section 1 of Act 84 of 1987, section 32 of Act 60 of 1989, section 51 of Act 68 of 1989, section 1 of Act 59 of 1990, section 1 of Act 19 of 1994, section 34 of Act 34 of 1997, section 57 of Act 30 of 1998, section 46 of Act 53 of 1999, section 58 of Act 30 of 2000, section 60 of Act 59 of 2000, section 113 of Act 60 of 2001, section 131 of Act 45 of 2003, section 66 of Act 32 of 2004, section 85 of Act 31 of 2005, section 7 of Act 21 of 2006, section 10 of Act 9 of 2007, section 90 of Act 35 of 2007, section 4 of Act 36 of 2007, section 22 of Act 61 of 2008, section 1 of Act 32 of 2014, section 20 of Act 23 of 2015, section 15 of Act 14 of 2017, section 20 of Act 15 of 2017, section 11 of Act 33 of 2019, section 9 of Act 24 of 2020, section 19 of Act 8 of 2021, section 11 of Act 21 of 2021, section 7 of Act 16 of 2022 and section 5 of Act 4 of 2026

4. (1) Section 1 of the Customs and Excise Act, 1964 (Act No. 91 of 1964), is hereby amended by the insertion after the definition of “importer” of the following definition:

“**‘international carnet’** means an international customs document contemplated in sections 38(1)(a)(iv) and 38(3)(aA), issued in terms of an international agreement intended to facilitate the temporary importation and exportation of certain goods covered by a guarantee for any duties and taxes that may be, or may become, payable on such goods;”.

(2) Subsection (1) comes into operation on a date to be determined by the Minister by notice in the *Gazette*.

Amendment of section 20 of Act 91 of 1964, as amended by section 4 of Act 95 of 1965, section 8 of Act 105 of 1969, section 1 of Act 86 of 1982, section 6 of Act 84 of 1987, section 14 of Act 59 of 1990, section 14 of Act 45 of 1995, section 59 of Act 30 of 1998, section 41 of Act 19 of 2001, section 88 of Act 31 of 2005, section 10 of Act 32 of 2014, section 126 of Act 25 of 2015 and section 13 of Act 13 of 2017

5. Section 20 of the Customs and Excise Act, 1964, is hereby amended by the substitution in subsection (1) for paragraph (a) of the following paragraph:

“(a) Any dutiable imported or dutiable locally-produced goods and any beverages produced from excisable spirits [**in pursuance of any permission granted under the provisions of section 31(2)**], being goods or beverages of a class or kind approved by the Commissioner in respect of each warehouse, may be entered for storage in a customs and excise warehouse with deferment of payment of duty and no such goods or beverages shall be removed to or placed in a customs and excise warehouse until they have been so entered.”.

Amendment of section 38 of Act 91 of 1964, as amended by section 13 of Act 105 of 1969, section 5 of Act 71 of 1975, section 4 of Act 105 of 1976, section 2 of Act 89 of 1983, section 9 of Act 84 of 1987, section 18 of Act 59 of 1990, section 28 of Act 45 of 1995, section 3 of Act 44 of 1996, section 123 of Act 60 of 2001, sections 32 and 91 of Act 61 of 2008, section 25 of Act 32 of 2014, section 9 of Act 16 of 2022, section 6 of Act 43 of 2024 and section 7 of Act 4 of 2026

6. (1) Section 38 of the Customs and Excise Act, 1964, is hereby amended—

(a) by the substitution in subsection (3)(a) for the words preceding subparagraph (i) of the following words:

“Every exporter of any goods shall, subject to paragraph (aA), before such goods are exported from the Republic, deliver, during the hours of any day prescribed by rule, to the Controller a bill of entry in the prescribed form, but the Commissioner may—”;

(b) by the insertion in subsection (3) after paragraph (a) of the following paragraph:

“(aA) Subject to the permission of the Controller, goods temporarily exported under an international carnet need not be entered in terms of paragraph (a).”; and

(c) by the insertion after subsection (3) of the following subsection:

“(3A) The Commissioner may, for purposes of subsections (1)(a)(iv) and (3)(a), read with subsection (3)(aA), prescribe requirements for the use of an international carnet when goods are temporarily imported or exported, which may include—

- (a) the types of international carnets;
- (b) the issuing, validity period and replacement of such carnets;
- (c) requirements in relation to associations guaranteeing the payment of any duties and taxes in respect of goods imported or exported on authority of such carnets;
- (d) the manner of submission of such carnets to the Commissioner;
- (e) requirements in relation to release of the relevant goods on authority of such carnets; and
- (f) any other matter which may be necessary or useful for purposes of administering the use of such carnets.”.

(2) Subsection (1) comes into operation on a date to be determined by the Minister by notice in the *Gazette*.

Amendment of section 54D of Act 91 of 1964, as inserted by section 139 of Act 45 of 2003 and amended by section 32 of Act 16 of 2004

7. (1) Section 54D of the Customs and Excise Act, 1964, is hereby amended—

- (a) by renumbering the existing provision as paragraph (a); and
- (b) by the addition of the following paragraph after paragraph (a):

“(b) Despite the period for claiming refunds under this Act, a refund of carbon tax paid in terms of the Carbon Tax Act, 2019, must be claimed in accordance with the timeframes contemplated in section 17A of that Act, and as provided for in an item contemplated in paragraph (a).”.

(2) Subsection (1) comes into operation on a date to be determined by the Minister by notice in the *Gazette*.

Amendment of section 75 of Act 91 of 1964, as amended by section 13 of Act 95 of 1965, section 10 of Act 57 of 1966, section 8 of Act 85 of 1968, section 24 of Act 105 of 1969, section 8 of Act 103 of 1972, section 2 of Act 68 of 1973, section 9 of Act 71 of 1975, section 27 of Act 112 of 1977, section 8 of Act 93 of 1978, section 10 of Act 110 of 1979, section 19 of Act 86 of 1982, section 6 of Act 89 of 1984, section 11 of Act 101 of 1985, sections 9 and 52 of Act 52 of 1986, section 23 of Act 84 of 1987, section 8 of Act 69 of 1988, section 13 of Act 68 of 1989, section 29 of Act 59 of 1990, section 13 of Act 61 of 1992, section 7 of Act 98 of 1993, section 10 of Act 19 of 1994, section 53 of Act 45 of 1995, section 61 of Act 30 of 2000, section 50 of Act 19 of 2001, section 130 of Act 60 of 2001, section 75 of Act 30 of 2002, section 109 of Act 74 of 2002, section 146 of Act 45 of 2003, section 27 of Act 34 of 2004, section 92 of Act 31 of 2005, section 70 of Act 20 of 2006, section 95 of Act 35 of 2007, section 99 of Act 60 of 2008, section 63 of Act 32 of 2014, section 16 of Act 13 of 2017 and section 16 of Act 21 of 2021

8. Section 75 of the Customs and Excise Act, 1964, is hereby amended—

- (a) by the substitution in subsection (10) for paragraph (a) of the following paragraph:

“(a) (i) No goods may be [entered or acquired] admitted under rebate of duty until the person [so] entering [or acquiring] them has furnished such security as the Commissioner may require and has complied with such other conditions (including registration with the Commissioner of his or her premises and plant) as may be prescribed by rule or in the notes to Schedule No. 3, 4 or 6 in respect of any goods specified in any item of such Schedule[: **Provided that the Commissioner may subject to such conditions as he may in each case impose, exempt with or without retrospective effect, any such person from the provisions of this subsection**].

(ii) The Commissioner may, subject to subparagraph (iii), on application exempt with or without retrospective effect, any person referred to in subparagraph (i) from a condition or requirement

contemplated in that subparagraph that must have been complied with prior to entry for home consumption in terms of Schedule 3, 4 or 6, relating to—

(aa) the registration of a person, premises or plant;

(bb) the licensing, approval or designation of premises, a plant, a warehouse, a facility or an activity; or

(cc) the furnishing of security.

(iii) An exemption in terms of subparagraph (ii) may be granted on conditions, including—

(aa) subsequent compliance with the condition or requirement in respect of which the exemption was granted; and

(bb) compliance with all other applicable requirements for admission under rebate of duty.”;

(b) by the substitution in subsection (10) for paragraph (b) of the following paragraph:

“(b) Application for **[such]** an exemption contemplated in paragraph (a)(ii) for the purpose of applying for a refund of duty shall be made to the Commissioner within six months from any date specified in section 40(3)(b)(i), (ii) or (iii), as the circumstances may require.”;

(c) by the substitution in subsection (10)(c) for the words preceding subparagraph (i) of the following words:

“For the purposes of the application of section 40(3) to any **[such]** exemption contemplated in paragraph (a)(ii)—”;

(d) by the substitution in subsection (10)(c) for subparagraph (i) of the following subparagraph:

“(i) any bill of entry passed in relation to goods in respect of which such exemption is granted **[under paragraph (a) of this subsection]**, shall be deemed to have been passed in error by reason of duty having been paid on goods intended for purposes or use under rebate of duty under section 75;”;

(e) by the substitution in subsection (10)(c) for subparagraph (iii) of the following subparagraph:

“(iii) the duty paid on the goods concerned, shall be deemed to have been paid on the date on which **[the]** such exemption **[referred to in subparagraph (i)]** was granted.”.

Amendment of section 20 of Act 89 of 1991, as amended by section 25 of Act 136 of 1992, section 33 of Act 97 of 1993, section 35 of Act 27 of 1997, section 94 of Act 30 of 1998, section 91 of Act 53 of 1999, section 157 of Act 60 of 2001, section 175 of Act 45 of 2003, section 47 of Act 16 of 2004, section 104 of Act 32 of 2004, section 38 of Act 21 of 2006, section 14 of Act 9 of 2007, section 35 of Act 18 of 2009, section 30 of Act 8 of 2010, section 29 of Act 21 of 2012, section 176 of Act 31 of 2013, section 99 of Act 43 of 2014, section 26 of Act 23 of 2015, section 7 of Act 22 of 2018, section 19 of Act 33 of 2019, section 20 of Act 24 of 2020 and section 31 of Act 20 of 2022

9. Section 20 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), is hereby amended—

(a) by the deletion of “:” and the insertion of “;” at the end of subsection (4)(g) and by the addition of the following paragraph:

“(h) where a supplier makes a supply of second-hand goods to a ‘qualifying purchaser’ as defined in the regulations issued by the Minister in terms of section 74(1), read with paragraph (d) of the definition of ‘exported’, and input tax contemplated in paragraph (b) of the definition of ‘input tax’ was deductible in respect of the second-hand goods, the tax invoice must further contain the amount of such input tax:”;

(b) by the deletion of “:” and the insertion of “;” at the end of subsection (5)(e) and by the addition of the following paragraph:

“(f) where a supplier makes a supply of second-hand goods to a ‘qualifying purchaser’ as defined in the regulations issued by the Minister in terms of section 74(1), read with paragraph (d) of the definition of exported, and input tax contemplated in paragraph (b)

of the definition of input tax was deductible in respect of the second-hand goods, the tax invoice must further contain the amount of such input tax:”; and

(c) by the addition in subsection (8) of the following proviso:

“: Provided that in the case of a recipient that is a ‘dealer’ as defined in section 1 of the Second-Hand Goods Act, 2009 (Act No. 6 of 2009), further records must be kept by the recipient as contemplated in the following sections of the said Act:

(aa) section 21 and any Regulations thereto;

(bb) section 24 and any Regulations thereto in respect of second-hand motor vehicles; and

(cc) section 26 and any Regulations thereto in respect of second-hand ‘communication equipment’ as defined in section 1 of the said Act.”.

Amendment of section 28 of Act 89 of 1991, as amended by section 29 of Act 136 of 1992, section 79 of Act 30 of 2000, section 44 of Act 5 of 2001, section 158 of Act 60 of 2001, section 118 of Act 74 of 2002, section 179 of Act 45 of 2003, section 37 of Act 32 of 2005, section 32 of Act 36 of 2007, section 41 of Act 61 of 2008, section 31 of Act 8 of 2010, section 271 of Act 28 of 2011, read with paragraph 121 of Schedule 1 to that Act and section 31 of Act 21 of 2012

10. (1) Section 28 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:

“Every vendor shall, within the period ending on the [twenty-fifth] last business day of the first month commencing after the end of a tax period relating to such vendor or, where such tax period ends on or after the first day and before the [twenty-fifth] last business day of a month, within the period ending on such [twenty-fifth] last business day—”; and

(b) by the deletion in subsection (1) of items (ii) and (iii) of the proviso.

(2) Subsection (1) will come into operation on 1 April 2027.

Amendment of section 190 of Act 28 of 2011, as amended by section 71 of Act 39 of 2013, section 53 of Act 44 of 2014, section 60 of Act 23 of 2015, section 28 of Act 13 of 2017, section 21 of Act 22 of 2018 and section 34 of Act 24 of 2020

11. Section 190 of the Tax Administration Act, 2011 (Act No. 28 of 2011), is hereby amended by the substitution in subsection (5A) for the words preceding paragraph (a) of the following words:

“If a person who carries on the ‘business of a bank’ as defined in the Banks Act, 1990 (Act No. 94 of 1990), holds an account on behalf of a client into which an amount referred to in subsection (5) is or will be deposited, reasonably suspects that the payment of the amount is related to a tax offence, the person must immediately report the suspicion to SARS in the prescribed form and manner and not proceed with the carrying out of any transaction in respect of the amount for a period not exceeding two business days unless—”.

Amendment of section 191 of Act 28 of 2011, as amended by section 61 of Act 23 of 2015 and section 39 of Act 33 of 2019

12. (1) Section 191 of the Tax Administration Act, 2011, is hereby amended by the substitution in subsection (2) for paragraph (a) of the following paragraph:

“(a) for which the period referred to in section 164(6) or 215(3) has not expired or suspension of payment under section 164 exists; or”.

(2) Subsection (1) will come into operation on a date to be determined by the Minister by notice in the *Gazette*.

Amendment of section 215 of Act 28 of 2011, as amended by section 58 of Act 44 of 2014

13. (1) Section 215 of the Tax Administration Act, 2011, is hereby amended by the substitution in subsection (3) for the words preceding paragraph (a) of the following words: 5

“During the period commencing on the day that SARS receives the ‘remittance request’, and ending [21] 10 business days after notice has been given of SARS’ decision, no collection steps relating to the ‘penalty’ amount may be taken unless SARS has a reasonable belief that there is—”.

(2) Subsection (1) will come into operation on a date as determined by the Minister by notice in the *Gazette*. 10

Amendment of section 229 of Act 28 of 2011, as amended by section 75 of Act 21 of 2012 and section 67 of Act 23 of 2015

14. (1) Section 229 of the Tax Administration Act, 2011, is hereby amended—

(a) by the renumbering of the current section to subsection (1); and 15

(b) by the insertion after subsection (1) of the following subsection:

“(2) The applicant may, in accordance with the relevant provisions of a tax Act, excluding any provision relating to objection and appeal, apply for the remission of interest imposed in respect of the ‘default’ together with the application for voluntary disclosure relief.”. 20

(2) Subsection (1) is deemed to have come into operation on 1 March 2026 and applies to applications received on or after that date.

Amendment of section 230 of Act 28 of 2011, as amended by section 78 of Act 39 of 2013 25

15. (1) Section 230 of the Tax Administration Act, 2011, is hereby amended by the substitution for the words preceding paragraph (a) of the following words:

“The approval by a senior SARS official of a voluntary disclosure application and relief granted under section 229(1), together with any remission of interest under section 229(2), must be evidenced by a written agreement between SARS and the qualifying person who is liable for the outstanding tax debt in the prescribed format and must include details on—”. 30

(2) Subsection (1) is deemed to have come into operation on 1 March 2026 and applies to applications received on or after that date.

Amendment of section 231 of Act 28 of 2011, as amended by section 76 of Act 21 of 2012 and section 79 of Act 39 of 2013 35

16. (1) Section 231 of the Tax Administration Act, 2011, is hereby amended by the substitution for paragraph (a) of the following paragraph:

“(a) withdraw any relief granted under section 229(1);”.

(2) Subsection (1) is deemed to have come into operation on 1 March 2026 and applies to applications received on or after that date. 40

Amendment of section 256 of Act 28 of 2011, as amended by section 89 of Act 21 of 2012, section 85 of Act 39 of 2013, section 64 of Act 44 of 2014, section 72 of Act 23 of 2015, section 46 of Act 33 of 2019 and section 29 of Act 16 of 2022

17. (1) Section 256 of the Tax Administration Act, 2011, is hereby amended by the substitution in subsection (3)(b) for subparagraph (iii) of the following subparagraph: 45

“(iii) that may not be recovered for the period specified in section 164(6) or 215(3); or”.

(2) Subsection (1) will come into operation on a date to be determined by the Minister by notice in the *Gazette*. 50

Amendment of section 52 of Act 44 of 2014

18. Section 52 of the Tax Administration Laws Amendment Act, 2014 (Act No. 44 of 2014), is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on [**a date to be determined by the Minister of Finance by notice in the *Gazette***] 1 March 2027.”. 5

Short title and commencement

19. (1) This Act is called the Tax Administration Laws Amendment Act, 2026.

(2) Save in so far as is otherwise provided for in this Act, or in so far as the context otherwise indicates, the amendments effected by this Act come into operation on the 10 date of promulgation of this Act.

MEMORANDUM ON THE OBJECTS OF THE TAX ADMINISTRATION LAWS AMENDMENT BILL, 2026

1. PURPOSE OF BILL

The Tax Administration Laws Amendment Bill, 2026 (“Bill”), proposes to amend the following Acts:

- Income Tax Act, 1962 (Act No. 58 of 1962);
- Customs and Excise Act, 1964 (Act No. 91 of 1964);
- Value-Added Tax Act, 1991 (Act No. 89 of 1991);
- Tax Administration Act, 2011 (Act No. 28 of 2011); and
- Tax Administration Laws Amendment Act, 2014 (Act No. 44 of 2014).

2. OBJECTS OF BILL

2.1 Clause 1: Amendment of paragraph 1 of Fourth Schedule to Income Tax Act, 1962

The definition of “provisional taxpayer” in the Fourth Schedule of the Income Tax Act excludes certain entities that are subject to partial taxation. The exclusion of these entities was mainly aimed at reducing their compliance burden, for example, the difficulty in determining how provisional tax should apply to amounts subject to exemption only up to a specified threshold.

In terms of paragraph (*b*) of the definition of “provisional taxpayer”, any company is a provisional taxpayer. It is thus proposed that certain identified fully exempt entities, which are regarded as companies, should also be excluded from being classified as provisional taxpayers for the reasons as set out above. These entities are any institution, board or body as contemplated in section 10(1)(cA)(i), any association, corporation or company as contemplated in section 10(1)(cA)(ii), any benefit fund as defined in section 1(1) and exempt under section 10(1)(d)(ii), and any water services provider as defined in section 1(1) and exempt under section 10(1)(t)(ix).

2.2 Clause 2: Amendment of paragraph 2 of Fourth Schedule to Income Tax, 1962

The Fourth Schedule to the Income Tax Act was amended by the Tax Administration Laws Amendment Act, to extend the obligation to withhold employees’ tax to non-resident employers conducting business through a permanent establishment (PE) in South Africa. It has been argued that this amendment can have anomalous consequences if the employee in question is not also effectively connected to the PE. For example, a non-resident employer with a PE in South Africa could employ a South African resident employee, in its home country, who does not have any connection to the South African PE. In such circumstances, the non-resident employer would have a withholding obligation in relation to the South African resident employee although employment is not exercised in South Africa. Hence it is proposed that the PE requirement for non-resident employers should be amended to include an additional requirement that the employee’s remuneration is borne by the PE in South Africa. The phrase “borne by” is a treaty concept commonly used in the context of employment income and will assist in interpretation based on existing commentaries and ensure consistency with the employment income articles in more than 70 double taxation agreements that South Africa is a party to.

2.3 Clause 3: Amendment of paragraph 20 of Fourth Schedule to Income Tax Act, 1962

Paragraphs (*a*) and (*b*): The R1 million cap for relying on amounts based on historical assessments, rather than current estimates, will be increased to R1.8 million, in line with changes in personal income tax brackets, for years of assessment commencing on or after 1 March 2026.

Paragraph (c): To trigger the penalty for underestimating provisional tax, a taxpayer must first underestimate their taxable income outside acceptable tolerances. If the taxpayer submits an estimate that is within the acceptable tolerance but pays no provisional tax, the underestimation penalty cannot be imposed. The only penalty applicable in these instances is the lesser late payment penalty. It is proposed that timely payment of the amount of the estimate be required before it may be relied on. In terms of the proposed amendment a provisional taxpayer will have one month after the provisional tax payment in relation to the second estimate was due to make payment, prior to SARS imposing the increased penalty. This will allow defaulting taxpayers an opportunity to remedy their default and thus avoid the imposition of the increased penalty.

Paragraph 20(2B) contains an existing rule to ensure that there is no duplication of the underestimation and the late payment penalties by allowing any underestimation penalty imposed to be reduced by any late payment penalty imposed.

Paragraph (d): Paragraph 20(2) of the Fourth Schedule provides that where the Commissioner is satisfied that the amount of any estimate was seriously calculated with due regard to the factors having a bearing thereon and was not deliberately or negligently understated, or if the Commissioner is partly so satisfied, the Commissioner may in his or her discretion remit the penalty or a part thereof. Following on from the proposal in paragraph (c), it is proposed that the Commissioner shall not remit any portion of the penalty unless he is satisfied that the failure to pay was not due to the intention to postpone payment of the provisional tax or negligence by the provisional taxpayer.

2.4 Clause 4: Amendment of section 1 of Customs and Excise Act, 1964

This proposed amendment inserts the definition of “international carnet”, which relates to the amendment of section 38 in clause 6. The amendment to section 38 enables the Commissioner to prescribe rules in respect of requirements for the issuing and use as well as submission of international carnets when goods are temporarily imported or exported.

2.5 Clause 5: Amendment of section 20 of Customs and Excise Act, 1964

The proposed amendment deletes an obsolete cross-reference.

2.6 Clause 6: Amendment of section 38 of Customs and Excise Act, 1964

The Temporary Admission (ATA) Carnet system, established under the ATA and Istanbul Conventions, enables the temporary admission of certain goods such as commercial samples, professional equipment and exhibition items, into foreign territories without the payment of duties or taxes.

The proposed amendment inserts a reference to goods temporarily exported under international carnets and further aims to facilitate international changes in relation to the handling of international carnets brought about by the launching of an electronic ATA Carnet Project by the World Customs Organisation and the International Chamber of Commerce, which mandates fully digitised carnets. Carnets were historically issued in paper format by National Guaranteeing Associations and manually processed at border posts. This amendment is proposed to ensure that South Africa can implement the new requirements in terms of the international changes, by enabling the Commissioner to prescribe rules relating to, amongst others, requirements for the issuing and use, as well as the submission of international carnets when goods are temporarily imported or exported.

2.7 Clause 7: Amendment of section 54D of Customs and Excise Act, 1964

Section 17A inserted in the Carbon Tax Act, 2019, in the Taxation Laws Amendment Act, 2026 (Act No. 5 of 2026), provides for a refund where an entity complies with carbon budgets over a five-year period. Carbon tax refunds are administered in terms of the Customs and Excise Act and a two-year prescription period applies in relation to customs and excise refund claims. It is, therefore, proposed that section 54D be amended to make provision for carbon tax refunds to be claimed in accordance with the timeframes contemplated in section 17A of that Act, and as provided for in any specific provisions set out in the Schedule in terms of section 75(15) of the Customs and Excise Act.

2.8 Clause 8: Amendment of section 75 of Customs and Excise Act, 1964

Section 75(10) of the Customs and Excise Act grants the Commissioner a broad discretion to exempt non-compliance by taxpayers who fail to meet conditions or requirements prescribed by rule or in the notes to Schedules No. 3, 4 and 6 in respect of any goods specified in an item of such Schedules. This has the effect that the peremptory nature of a specific rebate item may be undermined. The modern legislative approach is to move away from broad discretions to enhance clarity and certainty. The proposed limitation of the categories of non-compliance that may qualify for exemption in relation to admission of goods under rebate now creates certainty on what is eligible for consideration.

This proposed amendment mainly aims to circumscribe the Commissioner's discretion and to allow exemption only in relation to non-compliance with specified conditions or requirements that had to have been complied with prior to the entry of the goods for home consumption in terms of Schedule 3, 4 or 6. The categories of non-compliance must relate to registration of a person, premises or plant, the licensing, approval or designation of premises, plant, a warehouse, a facility or an activity or the furnishing of security. This ensures the integrity of the requirements of the rebate item, whilst providing potential relief for pre-clearance requirements. An example of where the discretion could be applied is where a person was not aware at the time of entry that he or she qualified for a rebate on goods, and subsequent to entry wants to participate in the rebate.

Furthermore, the Commissioner can exercise the discretion subject to conditions, of which the most important are clarified in proposed subsection (10)(a)(iii).

Other changes to the subsection are consequential amendments.

2.9 Clause 9: Amendment of section 20 of Value-Added Tax Act, 1991

Paragraph (a): The zero-rate on exports does not apply to second-hand goods on which the supplier has deducted notional input tax. In this case, the supplier must levy VAT equal to the notional input tax deducted to recoup the notional input tax. Similarly, in the case of an indirect export by a qualifying purchaser, the VAT Refund Administrator may only refund the qualifying purchaser to the extent that the VAT charged exceeds the notional input tax deduction.

To ease compliance for qualifying purchasers and administration, it is proposed that section 20 of the Value-Added Tax Act be amended to require that the tax invoice issued by the supplier on the subsequent supply of second-hand goods to these purchasers must reflect the amount of the notional input tax.

Paragraphs (b) and (c): Certain second-hand goods remain part of the illicit economy. There is no requirement under the Value-Added Tax Act or the Tax Administration Act, 2011, for second-hand goods dealers to be licensed or

have documents prescribed under any other relevant Acts, such as the Second-Hand Goods Act, 2009. The Second-Hand Goods Act seeks “to regulate the business of dealers in second-hand goods and pawnbrokers, in order to combat trade in stolen goods; to promote ethical standards in the second-hand goods trade; and to provide for matters connected therewith”.

Section 21 of the Second-Hand Goods Act requires dealers to keep a record in a prescribed form containing certain information, with additional information prescribed under section 24 of that Act for dealers in second-hand motor vehicles and section 26 for dealers in second-hand communications equipment. To mitigate the risk of fraudulent notional input tax claims, it is proposed that the documentation requirements for second-hand goods vendors under section 20(8) of the Value-Added Tax Act be extended to align to those prescribed under the Second-Hand Goods Act and its regulations. The proposed amendment does not impose any new record-keeping obligations. These obligations already exist under the Second-Hand Goods Act. The proposal merely provides that failure to keep the records will now also have a VAT consequence.

2.10 Clause 10: Amendment of section 28 of Value-Added Tax Act, 1991

To encourage vendors to submit returns and make payments electronically, vendors using eFiling are permitted to do so on the last business day of the month in which filing is required, rather than on the 25th of that month. As the vast majority of VAT vendors now make use of eFiling, the objective of increasing uptake has been achieved. Hence, the proposed amendment aims to remove the distinction by creating a single, simplified system requiring all VAT vendors to submit returns and make payments on the last business day of the month.

2.11 Clause 11: Amendment of section 190 of Tax Administration Act, 2011

The Tax Administration Act requires banks to report suspicious tax refunds to SARS and hold the refunds for up to two business days while SARS investigates. SARS is working with banks to explore screening potential refunds prior to their deposit in taxpayers’ accounts. This will expedite legitimate refunds. The proposed amendment therefore aims to explicitly permit pre- or post-deposit screening of refunds by banks.

2.12 Clause 12: Amendment of section 191 of Tax Administration Act, 2011

The proposed amendment is part of the alignment of the treatment of sections 164 and 215 of the Tax Administration Act discussed in 2.13 and 2.17.

2.13 Clause 13: Amendment of section 215 of Tax Administration Act, 2011

It is proposed that the period for suspension of payment under section 215 of the Tax Administration Act, be aligned with the 10 business days suspension period in section 164 of the Act as part of the move to greater consistency dealt with in clause 17. If a taxpayer is dissatisfied with a rejection of a request for remission of an administrative non-compliance penalty under section 215, this decision is subject to objection and appeal under section 220. If the taxpayer intends to object, the taxpayer may apply for a further suspension of payment under section 164.

2.14 Clause 14: Amendment of section 229 of Tax Administration Act, 2011

In the recent case of *Commissioner for the South African Revenue Services v Medtronic International Trading S.A.R.L* ([2024] ZACC 26), the Constitutional Court held that it is neither possible to vary a voluntary disclosure agreement once it has been concluded nor to combine a voluntary disclosure application with a request for remission of interest under the various tax Acts without legislative authority to this effect.

In order to address the second aspect, it is proposed that provision be made to specifically permit applicants for voluntary disclosure relief to apply under the provisions of the relevant tax Act, excluding any provision relating to objection and appeal, for the remission of interest in respect of the defaults disclosed in the voluntary disclosure application, together with the application for voluntary disclosure relief.

The process for the application for the remission of interest together with the application for voluntary disclosure relief will be further expanded on in the updated voluntary disclosure programme guide.

It is further proposed that this amendment be deemed to come into effect on 1 March 2026 and will apply to all applications received on or after this date in order to assist potential applicants without affecting existing applications.

2.15 Clause 15: Amendment of section 230 of Tax Administration Act, 2011

The proposed amendment is consequential to the proposed amendment to section 229 of the Tax Administration Act.

2.16 Clause 16: Amendment of section 231 of Tax Administration Act, 2011

The proposed amendment is consequential to the proposed amendment to section 229 of the Tax Administration Act.

2.17 Clause 17: Amendment of section 256 of Tax Administration Act, 2011

Section 164(6) of the Tax Administration Act suspends the taxpayer's obligation to pay tax pending SARS' decision on the suspension of payment request. In terms of section 256 of the Act, a taxpayer must be indicated as "tax compliant" during this interim period. Section 256 of the Act does not provide for a scenario where a taxpayer's obligation to pay tax is automatically suspended pending the outcome of a request for remission of penalties in accordance with section 215(3) of the Act. The proposed amendment aims to address this anomaly.

2.18 Clause 18: Amendment of section 52 of the Tax Administration Laws Amendment Act, 2014

The amendment contained in section 52 of the Tax Administration Laws Amendment Act, is a textual correction to section 187(2) of the Tax Administration Act, 2011, contained in Chapter 12 of the Act. The aim of the amendment was to clarify that simple interest applies until the Commissioner determines by public notice that compound interest applies to a tax type. The effective date was to be a date determined by the Minister by notice in the *Gazette*. Because the relevant Chapter 12 provisions have not commenced generally, the 2014 amendment did not operate as intended for tax types brought into the framework separately. The proposed amendment changes this effective date to 1 March 2027 and hence will no longer require a separate notice by the Minister.

2.19 Clause 19: Short title and commencement

The clause makes provision for the short title of the proposed Act and provides that different provisions of the Act may come into effect on different dates.

3. CONSULTATION

The amendments proposed by this Bill were published on SARS' and National Treasury's websites for public comment. Comments by interested parties were

considered. Accordingly, the public and institutions at large have been consulted in preparing the Bill.

4. FINANCIAL IMPLICATIONS FOR STATE

An account of the financial implications for the State was given in the 2026 Budget Review, tabled in Parliament on 25 February 2026.

5. PARLIAMENTARY PROCEDURE

- 5.1 The State Law Advisers, the National Treasury and SARS are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution of the Republic of South Africa, 1996 (“Constitution”), since it contains no provision to which the procedure set out in section 74 or 76 of the Constitution applies.
- 5.2 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional and Khoi-San Leaders in terms of section 39(1)(a) of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), since it does not contain provisions pertaining to traditional or Khoi-San communities or pertaining to customary law or customs of traditional or Khoi-San communities, nor any matter referred to in section 154(2) of the Constitution.