

*Monday, 22 April 2024]*

No 57—2024] SIXTH SESSION, SIXTH PARLIAMENT

**PARLIAMENT**

**OF THE**

**REPUBLIC OF SOUTH AFRICA**

---

**ANNOUNCEMENTS,  
TABLINGS AND  
COMMITTEE REPORTS**

---

MONDAY, 22 APRIL 2024

---

**TABLE OF CONTENTS**

**ANNOUNCEMENTS**

**National Assembly**

1. Referral to Committees of papers tabled ..... 2

**National Council of Provinces**

1. Referral to Committees of papers tabled ..... 3

**TABLINGS**

**National Assembly and National Council of Provinces**

1. Minister of Justice and Correctional Services ..... 3

**National Assembly**

1. Acting Speaker ..... 3

## COMMITTEE REPORTS

### National Council of Provinces

1. Finance .....6
- 

## ANNOUNCEMENTS

### National Assembly

#### The Acting Speaker

#### 1. Referral to Committees of papers tabled

- (1) The following papers are referred to the **Portfolio Committee on Home Affairs** for consideration and report. Report of the Auditor-General on the Financial Statements and Performance Information is referred to the **Standing Committee on Public Accounts** for consideration:
  - (a) Report and Financial Statements of the Independent Electoral Commission (IEC) on the Represented Political Parties' Fund for 2022-23, including the Report of the Auditor-General on the Financial Statements and Performance Information for 2022-23.
- (2) The following paper is referred to the **Portfolio Committee on Communications and Digital Technologies** for consideration and report:
  - (a) Annual Performance Plan of the Department of Communications and Digital Technologies for 2024 - 2025.
- (3) The following papers are referred to the **Portfolio Committee on Transport** for consideration and report:
  - (a) Corporate Plan of the Airports Company of South Africa SOC Limited (ACSA) for 2024/25 – 2026/27.
  - (b) Corporate Plan of the Air Traffic and Navigation Services Company Limited (ATNS) for 2024/25 – 2026/27.
  - (c) Annual Performance Plan of the South African Civil Aviation Authority (SACAA) for 2024/25.
  - (d) Annual Performance Plan of the Road Accident Fund (RAF) for 2024/2025.
  - (e) Annual Performance Plan of the Road Traffic Infringement Agency for 2024 - 2025.

# National Council of Provinces

## The Chairperson

### 1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Select Committee on Security and Justice** for consideration and report:
    - (a) An urgent correspondence from the President of the Judicial Officers Association of South Africa (JOASA) regarding the delays on implementation of the Major Review for the public office bearers particularly the magistrates by the Independent Commission for the Remuneration of Public Office Bearers.
- 

## TABLINGS

### National Assembly and National Council of Provinces

#### 1. The Minister of Justice and Correctional Services

- (a) Proclamation No R. 4539, published in Government Gazette No 50317, dated 22 March 2024: Referral of matters to existing Special Investigating Unit and Special Tribunal: KwaZulu-Natal Film Commission, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).
- (b) Proclamation No R. 160, published in Government Gazette No 50381, dated 28 March 2024: Referral of matters to existing Special Investigating Unit and Special Tribunal: KwaZulu-Natal Department of Sport, Arts and Culture, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).
- (c) Proclamation No R. 162, published in Government Gazette No 50431, dated 5 April 2024: Referral of matters to existing Special Investigating Unit and Special Tribunal: Tokologo and Sol Plaatjie Local Municipalities, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).
- (d) Proclamation No R. 163, published in Government Gazette No 50458, dated 12 April 2024: Referral of matters to existing Special Investigating Unit and Special Tribunal: Moqhaka Local Municipality, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).

## **National Assembly**

### **1. The Acting Speaker**

- (a) Letter from the President of the Republic, dated 15 April 2024, to the Acting Speaker of the National Assembly, informing members of the Assembly of the extension of the employment of members of the South African National Defence Force (SANDF) for service in fulfilment of an international obligation of the Republic of South Africa towards the Southern African Development Community mission to support the Republic of Mozambique in Operation VIKELA over the period 16 April 2024 to 31 December 2024.



.15..April 2024

Honourable Acting Speaker,

**EXTENSION OF EMPLOYMENT OF MEMBERS OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE FOR SERVICE IN FULFILLMENT OF AN INTERNATIONAL OBLIGATION OF THE REPUBLIC OF SOUTH AFRICA TOWARDS THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY MISSION IN THE REPUBLIC OF MOZAMBIQUE.**

This serves to inform the National Assembly that I have extended the employment of one thousand four hundred and nine five (1 495) members of the South African National Defence Force (SANDF) for service in fulfilment of an international obligation of the Republic of South Africa towards the Southern African Development Community, to combat acts of terrorism and violent extremists affecting the northern areas of Mozambique under Operation VIKELA.

Members of the SANDF employed will continue with their responsibilities of combating acts of terrorism and violent extremism in the northern part of Mozambique under Operation VIKELA, over the period 16 April 2024 to 31 December 2024.

This employment is authorised in accordance with the provisions of section 201(2) (C) of the Constitution of the Republic of South Africa, 1996.

The expenditure expected to be incurred for this deployment amounts to R 984 368 057.

I will communicate this report to the Chairperson of the National Council of Provinces. I kindly request that you bring the contents of this letter to the attention of Members of the National Assembly.

Yours sincerely,

**Mr Matamela Cyril Ramaphosa**  
**President of the Republic of South Africa**

Mr Lechesa Tsenoli, MP  
Acting Speaker of the National Assembly  
Parliament of the Republic of South Africa  
P.O. Box 15  
**CAPE TOWN**  
8000

# COMMITTEE REPORTS

## National Council of Provinces

### **1. Report of the Select Committee on Finance on the Pension Funds Amendment Bill [B3B - 2024] (National Assembly- section 75), dated 18 April 2024**

#### **1. Introduction**

The objective of the 2024 Pension Funds Amendment Bill (PFAB) is to amend the Pension Funds Act (PFA), of 1956, the Post and Telecommunications Related Matters Act (PTRMA), of 1958, the Transnet Pension Fund Act (TPFA), of 1990 and the Government Employees Pension Law (GEPL), of 1996, to enable retirement funds to implement the amendments to the Income Tax Act (ITA) contained in the Revenue Laws Amendment Bill (RLAB). The amendments in the RLAB give effect to the policy objectives of the “two-pot” system.

#### **2. Processing the Bill**

On 26 March 2024, the Committee received a briefing on the PFAB from the National Treasury (NT). The Committee received four submissions from the Congress of South African Trade Unions (COSATU), the Association for Savings and Investment South Africa (ASISA) and Institute of Retirements Funds Africa (IRFA), Government Employees Pension Fund (GEPF) and Mrs J Snyders. On 16 April 2024, the Committee held public hearings, considered the Bill clause-by-clause, and considered policy issues. NT responded to the issues raised during the public participation process on the same day. The Committee held a meeting on 18 April 2024 to consider the PFAB and adopt the report.

#### **3. Overview of the Pension Laws Amendment Bill**

The PLAB proposes to (1) introduce a new definition of "pension interest" to recognise marriages according to the tenets of a religion, apply a clean break principle on the date of the court order, and allocate divorce order settlements from all three proposed components, and (2) insert a “trumping provision” in an event of a conflict between the PFA, PTRMA, TPFA and GEPL, on the one hand, and, on the other hand, the Divorce Act in respect of pension interest upon divorce, .

The PFA further proposes to expand the definition of “pension fund organisation” to allow beneficiary funds to administer and pay arrear and future maintenance orders; amend the definition of “OC”, which represents any other amounts lawfully permitted, credited to or debited from the member’s individual account; amend section 19(5) of the PFA, which deals with loans and guarantees to members of retirement funds by retirement funds; amend section 37A of the PFA to provide for the application of the provisions of the Tax Administration Act, 2011; and substitute section 37D of the PFA, to enable retirement funds to effect deductions from retirement fund benefits in accordance with the provisions and requirements of the RLAB.

The TPFA further proposes to substitute the words “Registrar of Pension Funds” with the words “Financial Sector Conduct Authority (FSCA)”; and section 7 of the Act, to enable retirement funds to deduct from retirement fund benefits in accordance with the provisions and requirements of the RLAB. The other proposed amendments included that a fund may, (1) recover certain debts owing to the employer from benefits payable to members on their dismissal or retirement, (2) provide housing loan schemes involving financial support to members for purposes of acquiring, improving or refinancing residential immovable property, and (3) recover other amounts due by a member of a fund.

The PTRMA and GEPL are amended by the substitution of sections necessary relating to permissible deductions by the funds from retirement fund benefits in accordance with the provisions and requirements of the RLAB.

#### **4. Issues raised during the public consultation process and National Treasury’s responses**

##### **4.1 Implementation date of 01 September 2024**

COSATU urged that the set implementation date should be stringently adhered to. COSATU recommended that the necessary legislative and administrative processes should be undertaken by NT, the South African Revenue Service (SARS) and the pension funds administrators to meet the set deadline. Also, NT needs to expedite its Regulations and related preparations on time.

The GEPF expressed reservations about the scheduled implementation date because of extensive updates needed for its administrative systems to ensure thorough and effective implementation.

NT noted the concerns raised and explained that the decision to change the implementation date from March 2025 to September 2024 was made by Parliament.

#### 4.2 Further engagements post the passage of the Bill

COSATU proposed that further engagements on retrenchments, dismissals, resignations, and affordable home and educational loans that workers could take from their pension funds should commence once the pension fund Bills are passed. The discussions on these matters need to be conducted between May and August 2024, be tabled in Parliament by November 2024, and come into effect on 1 March 2025.

NT expressed its willingness to start discussions on potential options to allow members of pension funds access to the retirement component in instances of severe financial distress. NT, however cautioned that, these discussions are unlikely to be concluded by November 2024 to come into effect in March 2025. This is because tax changes follow a lengthy legislative process that includes public consultation and processing in Parliament.

#### 4.3 Some omissions and errors in the current Bill

ASISA picked up some omissions and errors in cross-referencing and numbering in the B-Bill. For instance, the deductions for housing loans given by the employer, and for guarantees in respect of housing loans given by the employer, have been omitted from the drafting of the new section 37D. ASISA further submitted that before pension funds can implement the “two-pot” system, amendments to the PFA are required. Only then can each fund amend its rules and have them registered by the FSCA. IRFA supported ASISA’s submission.

The GEPF submitted that given that pension funds are governed by a separate law, it is imperative for inclusivity and clarity that the wording in subclauses c and d within the definitions section, be revised to acknowledge equivalent provisions across all governing acts. The GEPF proposed an adjustment to refer explicitly to “Section 37D of the PFA”.

NT does not accept the proposal that for consistency, the phrases “benefit” and “member’s share” in the Bill should be amended to refer to “minimum individual reserve or member’s individual account”. NT clarified that the “benefit” as defined in the Act refers to an amount payable to a member or beneficiary, therefore, a blanket replacement of the term as proposed might not be appropriate. NT further clarified that section 19(5) empowers funds, not employers, to grant loans or guarantees for acquisition of immovable property. Also, given the absence of an empowering provision in section 19(5) for employer loans, a correction was therefore made in section 37D to remove reference to housing loans granted by the employer as per section 19(5).



#### 4.4 Clarity seeking concerns on the proposed amendments.

The GEPF sought clarity on, (1) the treatment of “fund transfers” post-implementation of the “two-pot” system, (2) the treatment of the retirement component in divorce proceedings, on whether the ex-spouse is entitled to a lump sum from their ex-partner's retirement component or if the amount must be transferred into a retirement component of another fund, (3) treatment of retrenchment benefits, (4) resignation benefit, i.e. whether the retirement component will be treated similarly to preservation funds where the benefit can be withdrawn from age 55 or if the benefit will only be payable once a member formally retires, (5) treatment of retirement component post-resignation upon death, and (6) defined benefit funds and service purchase.

The GEPF raised concerns regarding small pensions amounts that are applied to the retirement component. The GEPF is of the view that, at R165 000, these amounts are too low and should be increased. The GEPF recommended that final legislation should explicitly state the issues raised to eliminate any uncertainties and to ensure uniform treatment across the different funds.

NT clarified that, (1) “fund transfers” are dealt with in paragraph 6B to Second Schedule of the RLAB, which states that all components must be transferred together ‘as is’ to the new fund, (2) in terms of the pension fund laws, funds should allocate all permissible deductions proportionally across all components that a member has, and the PLAB does not change the status quo on the way amounts deducted to settle divorce orders should be paid to a non-member spouse, and (3) the “two-pot” system introduces preservation of the retirement component until retirement, and legislative amendments dealing with withdrawals from the retirement component if a member is under severe financial distress will be considered in the second phase of the implementation of the “two-pot” retirement system.

NT further clarified that the Bill does not make any changes to the way funds handle death benefit payments; the *de minimus* threshold of R165 000 has recently been increased; and in terms of treatment and allocation of the purchase of service periods in terms of the “two-pot” system for defined benefit funds, where years of service are purchased comparable to an additional contribution in defined contribution schemes, it must also be allocated proportionally to the two components. The exact mechanism would be reliant on the funds’ rules.

#### 4.5 Concerns with safety, taxing, and access to pension funds by multiple parties

Mrs Snyders raised concerns that the Bill allows for access to pension benefits by multiple parties, with no government guarantee of safety of pension funds, and that pension fund pay outs are taxed, while government is failing to effectively utilise tax revenue for efficient service delivery. Mrs Snyders foresees a situation where pensioners will depend on social grants to survive as the pension fund money will most likely be depleted by corruption. Mrs Snyders

recommended that pension funds should not be accessible to other persons, and she would support the Bill if members were allowed to make withdrawals to purchase properties.

NT clarified that retirement fund savings belong to members and beneficiaries; are not held, or managed by the government, but by the Boards of trustees of these funds; and government is, therefore, not in a position to access or utilise retirement fund savings. Also, the amendments do not permit access to pension funds by multiple parties.

NT further explained that retirement savings are based on a model which exempts, both the contributions to the retirement fund and the returns from tax, whereas retirement benefits are subject to tax upon withdrawal. NT does not support a proposal that pension fund members be allowed to make withdrawals for home purchases because the provision of loans and guarantees for the acquisition of immovable property is already permissible in terms of section 19 of the PFA. However, not all pension funds offer such a facility.

## **5. Committee proposed technical amendments to the Bill**

- 5.1 In Section 1 of the Pension Fund Act, 1956, a substitution of the definition of “beneficiary” was proposed as follows: Beneficiary fund means as a fund referred to in paragraph (c) or (d) of the definition of “pension fund organization”.
- 5.2 On funds which may make certain deductions from pension benefits, an amendment was proposed in subparagraph (ii) to add “or until a court order is issued” to include marriages under the tenets of revision.
- 5.3 On the PTRMA, a proposed amendment was a substitution in subclause 2 to remove reference to loan or guarantee furnished by an employer. This is done to align Post and Telecommunication Related Matters Funds with all other funds in line with a policy decision taken by NT that employers are not able to give out loans as they are not meeting certain consequential requirements to do so.
- 5.4 On sub-clause 4, which deals with instances where there is a maintenance order or a written notification by a maintenance investigating officer that’s informing the fund about a pending order in respect to maintenance and that must be taken into account when a member is asking for a savings withdrawal, the fund must satisfy itself that the withdrawals will not result in there being insufficient funds and the fund not be able meet the pending maintenance order.
- 5.5 On clause 23 of the Bill, which deals with GEPL, a proposed amendment is to remove the employer loan or guarantee so to make the alignment of the Bill with other funds.

Another proposed amendment was the insertion of clause 5, which deals with maintenance orders or pending orders and how they must be treated when a member is asking for a savings withdrawal benefit.

5.6 The specific proposed amendments agreed to by the Select Committee are as follows:

CLAUSE 1

1. On page 2, after line 10, insert the following:  
  - (a) by the substitution for the definition of “beneficiary fund” of the following definition:  
“**beneficiary fund**’ means a fund referred to in paragraph (c) or (d) of the definition of ‘pension fund organisation’”;
2. On page 3, in line 35, substitute “the” with “a”.
3. On page 3, in line 38 substitute “or (c)” with “, (c) or (d)”.
4. On page 3, In line 50, after “reserve,” insert “as the case may be,”.

CLAUSE 3

1. On page 4, in line 21, substitute “principal Act” with “Pension Funds Act, 1956,”.

CLAUSE 6

1. On page 6, in line 10, after “retirement”, substitute “or” with a comma.
2. On page 6, in line 16, substitute “(bb)” with “(ii)”.
3. On page 7, in line 33, after “(aA)”, omit “(i)”.
4. On page 7, in line 41, substitute “(ii)” with “(aB)”.
5. On page 7, in line 41, substitute “subparagraph (i)” with “paragraph (aA)”.
6. On page 7, in line 42, after “divorce”, insert:

or until a court order is issued

7. On page 7, in line 46, substitute “order,.” with the following:

order: Provided that a fund may pay the maintenance to a fund contemplated in paragraph (d) of the definition of ‘pension fund organisation’ in section 1.

8. On page 7, in line 60, after “(iB);”, insert “and”.
9. On page 8, in line 3, before “interest”, insert “pension”.
10. On page 8, in line 6, after “fund” insert “or funds”.
11. On page 8, In line 7, substitute subparagraph (bb) for the following:

(bb) the fund or funds referred to in item (aa) in which the pension interest referred to in the court order is transferred;

12. On page 8, in line 35, substitute “after” with “of”.
13. On page 8, in line 45, omit “the” before “deduction”.

#### CLAUSE 7

1. On page 9, in line 22, after “reserve,” insert, “as the case may be,”.

#### CLAUSE 9

1. On page 10, in line 21, omit:
  - (i) a loan or guarantee has been furnished by an employer; or
2. On page 10, in line 29, substitute “(ii)(BB)” with “(ii)(bb)(BB)”.
3. On page 10, in line 36, substitute “fund” with “pension fund concerned”.
4. On page 10, in lines 43 to 44, omit:

(aa) any loan granted by the employer to such member at his request;  
or

5. On page 10, in line 54, substitute “fund” with “pension fund concerned”.
6. On page 10, in line 56, substitute “fund” with “pension fund concerned”.
7. On page 11, line 24, after “concerned;”, insert “and”.
8. On page 11, in line 51, substitute “fund” with “pension fund concerned”.
9. On page 11, after line 55, insert the following:

(4) The pension fund concerned may not permit a member to take a savings withdrawal benefit where there is a maintenance order or a written notification from the maintenance investigating officer against the pension fund concerned in place, unless it is satisfied that the withdrawal will not result in there being insufficient remaining value to comply with the order or the written notification.

#### CLAUSE 10

1. On page 12, in line 20, after “until”, insert:  
finalisation of the divorce or until
2. On page 12, in line 22, substitute “(3)” with “(4)”.
3. On page 12, in line 50, substitute “(e)” with “(e)(ii)”.
4. On page 13, in line 14, substitute “(f)(ii)” with “(f)(ii)(aa)”.
5. On page 13, in line 15, substitute “(f)(iii)” with “(f)(ii)(bb)”.
6. On page 13, in line 34, substitute “fund” with “pension fund concerned”.

7. On page 13, in line 35, substitute "fund" with "pension fund concerned".
8. On page 13, line 35, substitute "the court order" with "deduction".

#### CLAUSE 11

1. On page 14, in line 28, after "reserve," insert "as the case may be,".

#### CLAUSE 14

1. On page 15, in line 24, after "Act", insert:  
and the Tax Administration Act, 2011 (Act No. 28 of 2011),
2. On page 16, in line 16, substitute "allow" with "permit".
3. On page 16, in line 18, after "maintenance", insert "investigating".
4. On page 16, in line 20, after "order" insert, "or the written notification".
5. On page 16, in lines 21 to 26, omit:  
(5) The designated retirement fund may, subject to a court order authorising the suspension of a savings withdrawal, suspend a savings withdrawal benefit where it is aware that proceedings relating to a maintenance order against the designated retirement fund are pending, and the withdrawal may result in there being insufficient remaining value to comply with the pending order, if granted.

#### CLAUSE 15

1. On page 16, in line 42, after "A" insert, "designated retirement".
2. On page 16, in line 44, before "fund", insert "designated retirement".
3. On page 16, in line 45, after "spouse, insert "with proof".
4. On page 16, in line 46, after "Act;" insert "or".
5. On page 16, in line 50, after "until", insert:  
finalisation of the divorce or until
6. On page 17, in line 49, substitute "the court order" with "deduction".

#### CLAUSE 16

1. On page 18, in line 12, substitute "and/or" with "or".
2. On page 18, in line 23, omit "below".
3. On page 18, in line 26, after "fund," insert:  
or the date on which the member's employment with a participating employer in a designated retirement fund is terminated,

#### CLAUSE 18

1. On page 19, in line 21, substitute "member or beneficiary" with "Authority".

#### CLAUSE 20

1. On page 19, in line 50, after "apply", insert "with".

CLAUSE 21

1. On page 20, in line 24, after “reserve,” insert “as the case may be,”.

CLAUSE 23

1. On page 21, in line 24, omit:

(i) a loan or guarantee has been furnished by an employer; or

2. On page 22, in line 10, after “rules” insert “of the Fund”.
3. On page 22, in line 38, substitute “fund” with “Fund”.
4. On page 22, after line 38, insert the following:

(5) The Fund may not permit a member to take a savings withdrawal benefit where there is a maintenance order or a written notification from the maintenance investigating officer against the Fund in place, unless it is satisfied that the withdrawal will not result in there being insufficient remaining value to comply with the order or the written notification.

5. On page 22, In line 42, substitute “fund” with “Fund”.
6. On page 22, in line 50, after “rules” insert “of the Fund”.

CLAUSE 24

1. On page 23, in line 11, after “until”, insert:  
finalisation of the divorce or until
2. On page 23, in line 56, substitute “(f)(ii)” with “(f)(ii)(aa)”.
3. On page 23, in line 57, substitute “(f)(iii)” with “(f)(ii)(bb)”.
4. On page 24, in line 12, substitute “the court order” with “deduction”.

**6. Committee’s observations**

- 6.1 While the Committee recognises the urgent need for the pension fund Bills, it expresses considerable concern about the constrained timeframes within which it had to process them, given the gravity and scope.
- 6.2 The Committee notes that increasingly, over the years, the Bills brought to the NCOP have inconsistencies, omissions, and drafting errors. While acknowledging the pressure and haste in which the NA and NT processed these Bills these glitches and gaps are completely unacceptable.
- 6.3 The Committee further notes that NT initially introduced the PFAB without considering that several other pension laws (PTRMA, TPFA and GEPL) had to be amended. The

Committee, however, notes that NT consulted the relevant stakeholders on the proposed amendments, including the GEPF, the Transnet Funds, Post Office, Telkom Funds, and the respective departments that are responsible for the administration of the pension fund laws.

- 6.4 The Committee reiterates its concern that withdrawals from the “two-pot” system are taxed at the marginal rate, which is effectively an application of punitive taxation intended to discourage withdrawal and undermines the policy objective of the RLAB in assisting financially stressed pension fund members. The Committee feels that a lower tax rate on withdrawals should be considered in the proposed “two-pot” system. However, the Committee notes NT's response that taxation of savings withdrawals from the "two-pot” system at a marginal tax rate could benefit individuals in a year where they have lower income, and that applying the normal withdrawal tax table rates would be more punitive to members who have had previous withdrawals.
- 6.5 The Committee notes, with disappointment, that few stakeholders made submissions on the pension fund Bills. The Committee also notes that organised business engaged more with the Executive than with Parliament, the final decision maker, while some stakeholders opted to raise their concerns through the media.
- 6.6 The Committee notes that the GEPF expressed some reservations that the set implementation date may be ambitious given the extensive updates needed for the pension fund administrative systems to ensure effective implementation. The Committee, however, notes that members of ASISA are committed to meeting the target implementation date; are working diligently towards achieving that; and have commenced communication to its fund members, explaining the “two-pot” system and the impact it will have on them.
- 6.7 The Committee also notes COSATU’s request for strict adherence to the set implementation date and that the relevant stakeholders must undertake the necessary processes to meet the set deadline.
- 6.8 The Committee notes ASISA recommendations that, (1) for timeous implementation, it is imperative that the legislation for the “two-pot” system be signed into law as soon as possible, (2) once the legislation has been enacted, the FSCA needs to approve the fund rule amendments that have been submitted to them, with urgency, and (3) SARS must finalise its tax directive system well before 1 September 2024 so that it can be integrated with fund administrators’ systems and streamline the process for obtaining a

tax directive which will be a pre-requisite for the payment of a withdrawal from the savings component.

## **7. Committee recommendations**

- 7.1 The Committee urges NT to table legislation in Parliament on time to enable the Committee to conduct effective public participation.
- 7.2 The Committee reiterates its recommendation made in the RLAB report that, “As the withdrawals are to be taxed at the marginal rate and will be a huge percentage of what is withdrawn, it is extremely likely that most of those who withdraw from their funds will be very disappointed and maybe even very frustrated. It is utterly important that NT, SARS, COSATU, and the pension fund industry inform and educate members about the tax implications of accessing their savings in the “two-pot” system before retirement. The Committee urges that this be done.
- 7.3 NT and SARS should monitor the tax implications on individuals and the state with a view to easing the tax burden on withdrawals made in terms of the “two-pot” system in future iterations of the Bill.
- 7.4 NT and SARS should consider the proposals made by ASISA and COSATU, after the approval of the pension fund Bills. The Committee supports these proposals.
- 7.5 NT and the relevant stakeholders should ensure that an implementation and communication plans exist, and report on progress made to ensure that all processes are in place to implement the pension fund legislation on 01 September 2024, seamlessly and sequentially, within three weeks after the constitution of the incoming 7<sup>th</sup> term of Parliament Select Committee on Finance.

*The Select Committee on Finance, having considered and examined the Pension Funds Amendment Bill [B3B - 2024] (National Assembly – section 75), referred to it, accepts the Bill with proposed amendments.*

Report to be considered.