



South Africa – Enhanced Process for Transferral of Funds from South Africa

On 21 April 2023, the South African Revenue Service (SARS) introduced a new enhanced Tax Compliance Status (TCS) application form to facilitate the consolidation of the Foreign Investment Allowance (FIA) and Emigration TCS applications into a single application, referred to as “Approval International Transfer” (AIT).¹ The system became effective on 24 April 2023.

WHY THIS MATTERS

Historically, this process required different applications for different purposes and was rather cumbersome. This new streamlined approach would suggest that SARS is listening to taxpayers, tax practitioners, and tax regulatory bodies who have been advocating for a more simplified and “easy-to-understand” approach. This is very relevant for taxpayers wanting to extract funds from South Africa.

What to Expect Now?

- South African residents who want to transfer funds offshore require a pin from SARS which allows third parties to view the taxpayer’s current tax compliance status online.
- The new TCS system makes it easier for taxpayers to request their TCS via SARS eFiling or the SARS Online Query System (SOQS) to receive a PIN that can be used to authorise and enable third parties to verify their tax compliance status – in particular, when transferring funds abroad.
- The Tax Compliance Request form (TCR01) has been amended to align with the required changes.
- No TCS is required for transfers up to ZAR 1 million per calendar year.

- In relation to non-tax residents wishing to transfer funds abroad, they should have completed the process of notifying SARS of their cessation of tax residence and completed the RAV01 declaration on e-filing. (For prior coverage, see [GMS Flash Alert 2022-164](#), 15 September 2022.)
- As an aside, the “Tender” option was removed and the “Good Standing” TCS should be used going forward, for all other scenarios where a third party wants to verify a taxpayer’s Tax Compliance Status.

What Documentation Is Required for the New Approval International Transfer (AIT) Application?

When taxpayers apply for a TCS in respect of international transfers, they are required to submit the following supporting documentation:

- Specific documents showing the sources of the capital to be invested;
- Statement of assets and liabilities (local and foreign) for the previous three tax years;
- If the taxpayer is a non-resident for tax purposes in South Africa, relevant proof that the taxpayer ceased to be a resident for tax purposes, including the date on which the taxpayer ceased to be a resident;
- Details of any locally-listed securities that the taxpayer will be transferring to an exchange that is outside South Africa; and
- Applicable power of attorney where the TCS application is submitted by a person other than the taxpayer.

KPMG INSIGHTS

If taxpayers have questions about the above-described process or need assistance with the completion and submission of the AIT application form in respect of the transferring of funds from South Africa abroad, they should contact their qualified tax professional or a member of the Global Mobility Services & Employment Tax Advisory team with KPMG in South Africa (see the Contacts section).

Moreover, if a taxpayer is non-compliant and has any outstanding tax returns or tax debt, he or she should seek assistance from his or her usual qualified tax professional or from KPMG to help remedy the non-compliance so as to enable the approval of the TCS request.

FOOTNOTE:

1 See SARS, "[Enhancements to the Tax Compliance Status Process](#)."

Also see: SARS, "Media release – How SARS has changed tax compliance status reporting for transferring funds abroad" (3 May 2023) at: <https://www.sars.gov.za/latest-news/media-release-how-sars-has-changed-tax-compliance-status-reporting-for-transferring-funds-abroad/> .

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in South Africa:



Carolyn Chambers
Partner (Director) and Head of Global
Mobility Services
& Employment Tax Advisory
Tel. + 27 83 440 5564
carolyn.chambers@kpmg.com



Natasha Rohhamlal
Associate Director, Global Mobility
Services & Employment Tax Advisory
Tel. + 27 82 719 5689
natasha.rohhamlal@kpmg.co.za



Zohra De Villiers
Partner (Director), Global Mobility
Services
Tel. + 27 82 719 0279
zohra.devilliers@kpmg.co.za

The information contained in this newsletter was submitted by the KPMG International member firm in South Africa.

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