

A decorative graphic in the top left corner consisting of several overlapping, stylized arrow shapes pointing to the right. The arrows are in shades of grey and red.

Legal update

No. 19 of 2014 • October 2014

T-day postponed

On 16 October 2014, National Treasury published a media statement, the revised draft Taxation Laws Amendment Bill 2014 (TLAB), the revised draft Tax Administration Laws Amendment Bill 2014 (TALAB) and the draft Response Document that was presented to the Standing Committee on Finance (SCOF) in Parliament on 15 October 2014. These documents are available on the National Treasury website <http://www.treasury.gov.za/legislation/bills/2014/TLAB-TALAB/>.

What is changing?

Without going into the details of all the amendments proposed in the Bills, the following changes are of immediate interest to Momentum FundsAtWork, its clients and their employees.

1. Retirement fund contributions

The effective date for the changes to the way in which retirement fund contributions would be taxed has been delayed for a year. These changes were discussed in [Legal Update 3-2014](#).

2. Valuation of defined benefit fund contributions

The valuation of defined benefit fund contributions will only be applicable when the changes to retirement fund contributions come into effect. These changes have accordingly also been delayed by a year.

3. Provident fund post-retirement alignment

The effective date for the changes to the taxation of provident fund benefits to be in line with pension funds and retirement annuity funds has also been delayed for a year. These changes were discussed in [Legal Update 4-2014](#).

According to the media statement, the implementation of these changes will be delayed for a year to allow for further consultations between Government and NEDLAC on social security reform. Should there be no agreement at NEDLAC by 30 June 2015, the implementation date may be moved out for another year, to 1 March 2017.

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What stays the same?

1. Disability income benefits

The effective date for the changes relating to the taxation of employer-provided disability income benefits, as discussed in [Legal Update 2-2014](#), is still 1 March 2015. From 1 March 2015, a member will no longer be able to claim a tax deduction on the premium paid for a disability income benefit and the benefit will be paid out tax-free.

2. Tax free savings

The effective date for the provisions on tax free investments, to an annual maximum of R30 000 and a lifetime maximum of R500 000 remains 1 March 2015.

What is new?

1. Right to elect when to retire

The amendment to the definition of “retirement date” which aims to allow the member to elect when he wants to retire will come into effect on 1 March 2015.

As soon as the legislation incorporating the changes referred to above has been finalised, a further Legal Update will follow.

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