

Foreign Bank Accounts

In his budget vote speech in May 2010, the Minister of Finance stated that *“the net is closing in on those who have sought refuge in tax havens.”*

He stated that many of such countries have now agreed to enter into Tax Information Exchange Agreements with South Africa.

According to the SARS website, agreements with the following countries are in the process of negotiation or have been finalised but not yet signed.

Argentina	Bahamas	Bermuda
British Virgin Island	Cayman Islands	Channel Island
Gibraltar	Guernsey	Isle of Man
Jersey	Liberia	Liechtenstein
Monaco	Netherlands Antilles	San Marino

Those South African tax residents who are receiving income from those countries should seriously consider the Voluntary Disclosure Relief to be offered by SARS during the period 1 November 2010 to 31 October 2011.



Voluntary Disclosure Relief

Draft legislation released by National Treasury provides for a form of tax amnesty referred to as Voluntary Disclosure Relief. It can be applied for by any natural person or entity from 1 November 2010 to 31 October 2011. During this period, full disclosure of defaults will result in all interest and penalties being waived for successful applicants. The full tax due will still be payable but there will be no criminal prosecution for any tax offence.

To successfully apply, the disclosure must be voluntary, involve a default, be full and complete, involve the potential application of a penalty or additional tax and must be in respect of a default which occurred at least 12 months before the period of the amnesty referred to above.

A default means the submission of inaccurate or incomplete information to SARS or failure to submit information to SARS resulting in an incorrect assessment of tax or an incorrect refund of tax.

Taking into account greater international co-operation over bank secrecy, the amnesty will also afford taxpayers the opportunity to fully disclose untaxed income from foreign bank accounts.

More details will be made available when the law is finalised and the relevant regulations published.

Kent Karro
Tax Specialist
Horwath Zeller Karro

Contact Information

Johannesburg
Horwath Leveton Boner
Tel: +27 11 217 8000
Email: info@horwath.co.za

Cape Town
Horwath Zeller Karro
Tel: +27 21 481 7000
Email: hzk@horwath.co.za

Durban
Horwath Mahomedy
Omar Paruk
Tel: +27 31 337 3311
Tel: +27 32 551 1111 (Stanger)
Email: hmop@horwath.co.za

Botswana
Horwath Gurugroup
Tel: +267 391 2805
Email: guru@gurugroup.bw