

Tax Alert

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Let's talk

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Submission of third-party returns

In brief

The South African Revenue Service ('SARS') has published a notice ('the notice') to notify certain specified persons that they are required to submit third party returns. Importantly, the notice places reporting obligations on trusts and public benefit organisations for the first time.

This Alert summarises the content of the notice.

In detail

The notice lists the persons (including issuers of section 18A donations receipts and certain trusts) who are required to submit the stated third party returns electronically through the designated SARS electronic filing service by the due dates for submission.

The following persons are required to submit third party returns by 31 October of each year (in respect of the period 1 March to 31 August) and by 31 May of each year (in respect of the period 1 March to the end of February):

- Regulated banks [1].
- Regulated financial institutions [2].
- Listed companies (and connected persons in relation to these companies) and state-owned companies (as defined) that issue bonds, debentures or other interest-bearing instruments [3].
- Organs of state that issue bonds or other interest-bearing instruments [4].
- Persons who purchase any livestock, produce, timber, ore, mineral or precious stones from a primary producer other than on a retail basis [5].
- Registered medical schemes [6].
- Property practitioners who pay, or receive on behalf of a third party, any amount in respect of an investment, interest or property rental [7].

- Attorneys who pay, or receive on behalf of a third party, any amount in respect of an investment, interest or property rental [8].
- Persons liable to pay withholding tax on interest in terms of section 50F(2) of the Income Tax Act ('the Act') [9].
- A person (referred to in para 2 of the Regulations issued in terms of section 12T(8) of the Act) who issued a financial instrument or policy in respect of a tax-free investment [10].
- A person referred to in section 18A(1)(a) to (c) of the Act who issued a receipt in terms of section 18A(2) of the Act [11]. Note that if this person must submit a return for the first time as a result of being listed in this notice, it will not be required to submit a return for the period from 1 March 2023 to 31 August 2023 [11].

The following persons are required to submit the returns in respect of the period 1 March to the end of February by 31 May of each year:

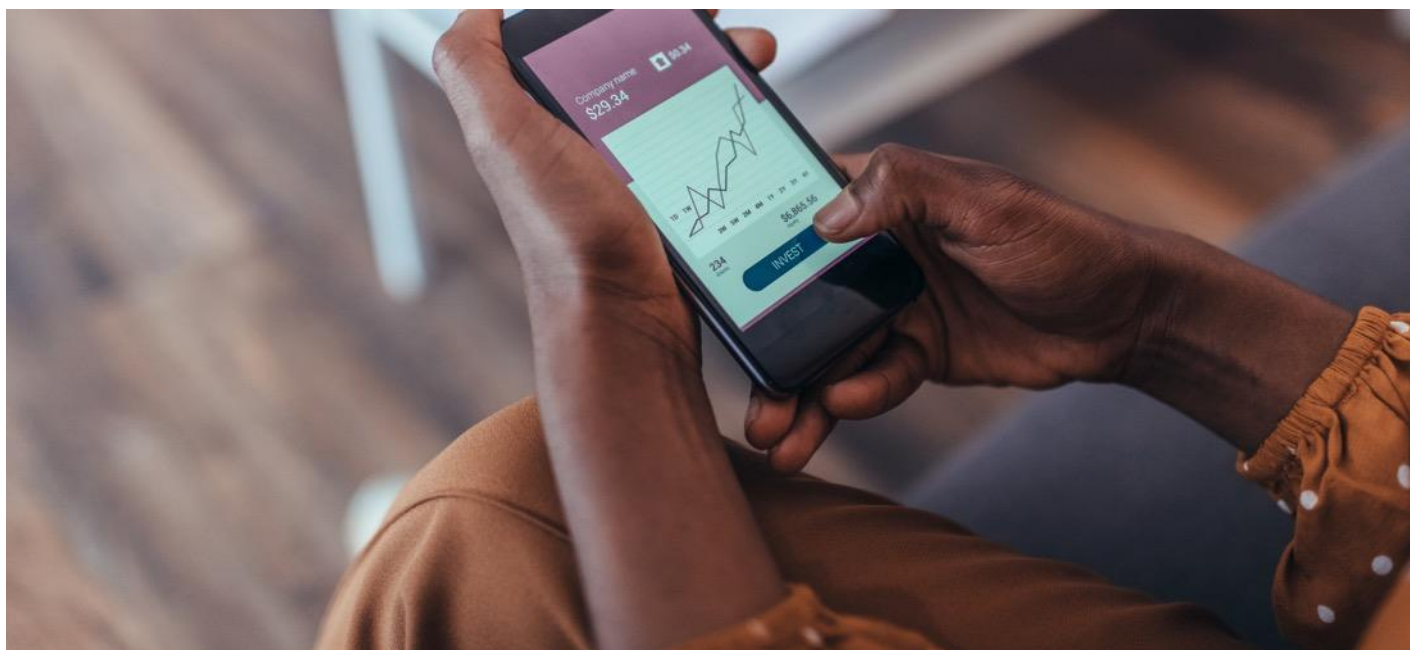
- A resident 'trust' (as defined in section 1 of the Act) or a non-resident trust that is required to submit an annual income tax return, excluding a collective investment scheme, a portfolio of a collective investment scheme and any portfolio of a hedge fund collective investment scheme or an Employment Share Incentive Scheme Trust [12].

SARS may agree to alternative arrangements with the abovementioned persons (e.g. that a return may be submitted in respect of a different period, upon an alternative date and in an alternative manner).



Every person mentioned in column 1 must submit a third party return that relates to the information specified in column 2, in the form specified in column 3 of the table below.

Person (refer to italicized numbers above)	Information	Form
1 – 4; 7 - 9	(a) Amounts incurred or paid in respect of, or by way of any investment, interest (as defined in the notice) or royalty; (b) transactions that are recorded in an account maintained for another person (i.e. transactional accounts); and (c) any tax withheld.	IT3(b); or Data compiled in accordance with SARS' Business Requirement Specification ('the BRS data'): IT3 Data Submission
7 – 8	Amounts incurred or paid in respect of, or by way of any rental of immovable property.	IT3(b); or The BRS data (IT3 Data Submission)
1 – 2; 4 – 5	Amounts paid in respect of the purchase and disposal of financial instruments.	IT3(c); or The BRS data (IT3 Data Submission)
6	Amounts paid in respect of a purchase, sale or shipment of livestock, produce, timber, ore, mineral or precious stones, or by way of a bonus.	IT3(e); or The BRS data (IT3 Data Submission)
2	The purchase of, and contributions made in respect of, any retirement annuity policy.	IT3(f); or The BRS data (insurance payments)
2	The payment of an amount that occurs upon the death of a person in terms of an insurance policy.	IT3(f); or The BRS data (insurance payments)



Person (refer to italicised numbers above)	Information	Form
6	Contributions made by a person in respect of a medical scheme and all expenses paid by a medical scheme on behalf of such person and a dependant of such person.	IT3(f); or The BRS (Medical Scheme Contributions)
10	(a) Contributions to, withdrawals from and transfers to and from a tax-free investment; and (b) any other amounts received or accrued in respect of a tax-free investment.	IT3(s); or The BRS data (IT3 Data Submission)
11	Any amount donated to an entity (refer 11 above) for which a section 18A receipt has been issued and all information required to be included on the section 18A receipt.	Specification: IT3 Data Submission
12	Any amount vested in a beneficiary including income (nett of expenditure), capital gains and capital amounts.	IT3(t); or The BRS data (IT3 Data Submission)

Takeaway

Persons who are required to submit these returns should review the required information and timeously compile this information for submission of these returns by the due dates. If it becomes apparent that the person will not be able to submit the required return(s) by the due date, SARS should be approached to make alternative arrangements.

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