

## Public comment sought on capital gains taxes

PRETORIA: National Treasury has released for public comment proposals related to how increased capital gains tax rates will be applied to long-term insurers in 2012.

Implementation of the increased capital gains inclusion rate from 50% to 66.6% will apply to the corporate (shareholder) fund for capital gains arising during years of assessment commencing on or after 1 March 2012, Treasury said.

The effective capital gains tax rate for individual policyholder funds will increase from 7.5% to 10%.

The effective capital gains tax rate for company policyholder funds will increase from 14% to 18.6%.

Untaxed policyholder funds remain fully exempt from the payment of income and capital gains tax.

The proposed changes in capital gains tax inclusion rates will take effect for all disposals of assets from 1 March 2012 without regard to the years of assessment at issue, Treasury added.

The public have been asked to send comments of the proposals to Treasury before 14 May.

Treasury has also asked for comments relating to the longer-term proposal of mark-to-market taxation of long-term insurer policyholder funds as well as longer-term proposed revisions that will simplify the four funds tax calculation.

Comments can be sent by email to [nomfanelo.mpotulo@treasury.gov.za](mailto:nomfanelo.mpotulo@treasury.gov.za) or by fax to +27 (0)12 315 5516.