

Treasury to amend foreign tax plan

The Treasury has agreed to significantly amend its proposal to repeal the 183-day tax exemption on income earned abroad by retaining the exemption and introducing a R1m ceiling on what can be claimed under it.



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Implementation of the proposal will also be postponed until March 1, 2020 instead of the initially proposed March 1, 2019 in order to give individuals more time to either adjust their contracts or their circumstances or to formalise their tax status, as is deemed necessary.

The introduction of the ceiling will replace the previous proposal to altogether withdraw the tax exemption for the 183 days worked abroad, which elicited a deluge of opposition from South African residents working abroad.

The Treasury received more than 1,300 objections to the proposal, mainly from South Africans working in low- or notax countries in the Middle East.

PwC tax policy leader Kyle Mandy said the amendments were "more generous" than PwC's recommendation: a threshold, but also a greater number of days required to have worked abroad to qualify for the exemption, from 183 to 325 days, to prevent abuse. The Treasury rejected it because it would hit low-income workers.

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