On July 20 2016, the National Treasury announced its proposed changes to the Special Voluntary Disclosure Programme (SVDP) in respect of offshore assets and income. The proposed changes are an attempt to simplify the process of giving non-compliant taxpayers the opportunity to voluntarily disclose offshore assets and income before the new global standard for automatic exchange of information between tax authorities begins in 2017.

The proposed changes include:

- Instead of calculating two different amounts (i.e. seed capital and investment returns) for inclusion in the taxpayer’s taxable income, only one amount now needs to be calculated. This amount equals 50% of the highest value of the aggregate of all assets situated outside SA between 1 March 2010 and 28 February 2015 that were derived from undeclared income, which will be included in taxable income and subject to tax in SA.
- The above value is the market value determined in the relevant foreign currency translated into rands at the spot rate at the end of the tax period in which the highest value fell.
- The undeclared income that originally gave rise to the abovementioned assets will be exempt from income tax, donations tax and estate duty liabilities arising in the past. That being said, however, future income will be fully taxed and assets declared will remain liable for donations tax and estate duty in the future, should the applicant donate these assets or pass away while still holding them.
- Taxpayers who disposed of any foreign held assets prior to 1 March 2010 may also apply for relief under the SVDP in terms of special deeming provisions.
- Any noncompliance in terms of Value Added Tax, employees’ tax (PAYE), unemployment insurance fund (UIF) contributions and skills development levies (SDL) will not qualify for the SVDP. However, relief for penalties associated with this non-compliance will continue under the existing voluntary disclosure programme in terms of the Tax Administration Act, 2011.

These proposed changes are in line with the new OECD-led Base Erosion and Profit Shifting (BEPS) project and Common Reporting Standards aimed at uncovering non-compliant tax practices.

Prior disclosure programmes in SA, namely those in 2003 and 2010 jointly recovered over R9 billion in taxes from undisclosed foreign assets held by South African citizens.