Hold your horses!

NOT EVERYTHING'S CHANGING JUST YET

National Treasury has recently announced that there will be a delay in some of the changes to the taxation of retirement funds.

INSTEAD OF

1 MARCH 2015

THE CHANGES WILL BE IMPLEMENTED ON

1 MARCH 2016 OR
1 MARCH 2017

TO REFRESH YOUR MEMORY - THE FOLLOWING CHANGES WERE PLANNED:

- Retiring members would have been allowed to take only 1/3 of pension AND provident fund savings, saved from 1 March 2015, in cash (with some exceptions, such as members older than 55 on 1 March 2015).
- Employer contributions to retirement funds would have been taxed as fringe benefits.
- Employees would have been able to deduct 27.5% of their total contributions from tax (subject to certain maximums).

SO, THE CURRENT SITUATION REMAINS FOR AT LEAST ANOTHER YEAR. THE CURRENT SITUATION IS AS FOLLOWS:

- When members retire from a pension fund, they can take only one third of their benefit in cash.
- When members retire from a provident fund, they can take the entire amount in cash if they wish.
- Members can currently deduct only a small percentage (7.5%) of their pension fund contributions from tax.

THE FOLLOWING WILL HOWEVER STILL CHANGE ON 1 MARCH 2015:

- Disability premiums will be taxed monthly during employment, but disability benefits will be paid tax free. At the moment members can deduct disability premiums from their monthly salaries, but the benefit is not paid out tax free.

Treasury indicated that the delay has been agreed upon to allow for further discussion. Depending on how consultation goes, changes to the Taxation Laws Amendment Act may even be delayed until **2017. This will ensure that the changes that are eventually accepted are in the best interests of EVERYONE affected.**