



14/6/2_2021

2021-05-21

Exchange Control Circular No. 8/2021

Emigration - phasing out the concept of emigration as recognised by the South African Reserve Bank

We refer to Exchange Control Circular No. 6/2021 and advised that flowing from representations made, the following consequential amendments to the Currency and Exchanges Manual for Authorised Dealers (Manual) have been made accordingly.

Section B.2(J)(iii)

The current paragraph (iii) has been deleted. The existing paragraph (iv) has been renumbered (iii) and amended as follows:

- (iii) Authorised Dealers may allow the transfer of assets abroad, provided a private individual:
 - (a) has ceased to be a resident for tax purposes in South Africa;
 - (b) has obtained a TCS in respect of “emigration” from SARS; and
 - (c) is tax compliant upon verification of the TCS.

Section B.2(J)(iv)

The existing paragraph (v) has been renumbered (iv) and amended accordingly as follows:

- (iv) In addition to (iii) above, private individuals may in the same calendar year that they ceased to be residents transfer via an Authorised Dealer up to R1

million as a travel allowance, without the requirement to obtain a TCS PIN letter. This is a once-off dispensation and cannot be used in subsequent calendar years. Private individuals ceasing to be residents for tax purposes only qualify for the aforementioned travel allowance, and may not avail of any unutilised portion of the single discretionary allowance available to residents.

Section B.2(J)(v)

A new paragraph has been added:

- (v) In addition, household and personal effects up to an amount of R1 million per family unit may be exported under a SARS Customs Declaration form within the same calendar year that the individual ceases to be a resident for tax purposes provided such assets have been declared on the relevant forms. Transactions of this nature will be treated similar to cash. For amounts in excess of R1 million, the provisions of (vi) and (vii) below will apply.

Section B.2(J)(ix)

The paragraph has been amended as follows:

- (ix) Any requests for further transfers of remaining assets will be subject to a TCS application in respect of Foreign Investment Allowance (FIA) irrespective of the date of emigration, i.e. prior or after 2021-03-01.

Section B.2(J)(x)

The paragraph has been amended as follows:

- (x) The externalisation of listed and unlisted domestic securities by individuals who cease to be residents for tax purposes will be treated similar to cash, which will form part of the foreign capital allowance and is also subject to the TCS process at SARS.

Section B.2(J)(xi)

The paragraph has been amended as follows:

- (xi) In respect of the withdrawal of retirement funds (lump sum benefits from pension preservation, provident preservation and retirement annuity funds) when South African residents cease to be residents for tax purposes in South Africa, payment of lump sum benefits to such individuals shall only be allowed by Authorised Dealers if the individual member has remained non-tax resident for at least three consecutive years. The requirements stated in (vi) and (vii) above will apply.

Section B.2(J)(xii)

The paragraph has been amended as follows:

- (xii) All assets that were previously blocked as per a specific directive that was given by the Financial Surveillance Department in terms of the provisions of Exchange Control Regulation 4(2), may be dealt with as follows:
 - (a) In respect of income and capital distributions from inter vivos trusts, such distributions may be transferred abroad, subject to the TCS process being completed by the trustees of the trust. For any transfers above R10 million, the requirements of (vii) above will apply.
 - (b) With regard to pre-inheritance gifts, such funds may be transferred abroad, subject to the TCS process being completed by the resident donor. For any transfers above R10 million, the requirements of (vii) above will apply.

Section B.2(J)(xiii)

The existing paragraph (xiii) has been renumbered (xiv) and a new paragraph has been added as follows:

- (xiii) Applications by private individuals who cease to be residents for tax purposes and who are no longer active on the SARS registered database and receive an inheritance or life insurance policy (excluding lump sum benefits from pension preservation, provident preservation, retirement annuity funds and annuities from insurers) up to R10 million, will not be required to apply to SARS for a Manual Letter of Compliance - Transfer of funds. For applications above R10 million, applicants are required to obtain a Manual Letter of Compliance - Transfer of funds, from SARS.

Section B.2(J)(xv)

The existing paragraph (xiv) has been renumbered (xv) and amended as follows:

- (xv) With regard to the gathering of statistical information on the assets and liabilities declared by South African residents who cease to be residents for tax purposes, the Financial Surveillance Department will rely on information collected by SARS via the SARS TCR01 form.

Section B.2 (J)(xvi)

A new paragraph has been added as follows:

- (xvi) In terms of the TCS system, a TCS PIN letter will be issued to the South African residents who cease to be residents for tax purposes that will contain the tax number. Authorised Dealers must use the TCS PIN to verify the applicant's tax compliance status via SARS eFiling prior to effecting any transfers. Authorised Dealers must ensure that the amount to be transferred does not exceed the amount approved by SARS. Authorised Dealers should note that the TCS PIN can expire and should the Authorised Dealers find that the TCS PIN has indeed expired, the Authorised Dealers must request that the taxpayer must submit a new TCS application to SARS to be issued with a TCS PIN.

The amended Manual as well as guideline document for individuals may be accessed on the South African Reserve Bank website: www.resbank.co.za by following the links: Home>What we do>Financial Surveillance>Financial Surveillance Documents.

Head of Department: Financial Surveillance