

September 2016

Tax Alert

The Davis Tax Committee published its Second Interim Report on Estate Duty on 24 August 2016.

Some of the recommendations include:

- Further investigation to be conducted into the implementation of wealth taxes in SA.
- Donors and beneficiaries of all vested trust arrangements should be subject to stricter disclosure requirements and enforcement measures.
- Only where a trust deed confers upon its beneficiaries an indisputable and irrevocable vested right to both the capital and income of a trust should the income, both capital and revenue, be taxed in the hands of the beneficiary.

In the legislative changes for this year, changes have been proposed relating to the granting of loans to trusts by connected persons. The publication of the Second Interim Report will likely auger further legislative changes in relation to trusts in an attempt to address identified anti-avoidance on the part of taxpayers.

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