

South Africa issues new regulations to implement the Common Reporting Standard

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

The Organisation for Economic Co-Operation and Development (OECD) developed the Standard for the Automatic Exchange of Financial Account Information in Tax Matters. The Standard encompasses the Common Reporting Standard (CRS).

Reporting Financial Institutions in participating jurisdictions are required to determine and report on financial account information of foreign tax residents to the financial institutions' local Tax Authority. Such information is then automatically exchanged annually between jurisdictions where there is a treaty and a basis for such exchange (or retained by the local Tax Authority in the absence of a legal basis for exchange).

On 9 October 2020, the South African Minister of Finance, Tito Mboweni, gazetted new regulations (reflecting changes to the CRS) required to enable South Africa to comply with its treaty obligations. These new regulations will repeal the 2 March 2016 regulations (that gives effect to the CRS in South Africa).

The new regulations are expected to come into effect from 1 June 2021.

The regulations contain 11 sections that address the following matters:

- I. General Reporting Requirements
- II. General Due Diligence Requirements
- III. Due Diligence for Pre-existing Individual Accounts
- IV. Due Diligence for New Individual Accounts
- V. Due Diligence for Pre-existing Entity Accounts
- VI. Due Diligence for New Entity Accounts
- VII. Special Due Diligence Rules

VIII. Defined Terms

IX. Complementary Reporting and Due Diligence Rules for Financial Account Information

X. Effective Implementation

XI. Mandatory Disclosure Rules

Paragraph B of Section XI (Mandatory Disclosure Rules), *inter alia*, gives effect to an intermediary's obligation to disclose a CRS Avoidance Arrangement or Opaque Offshore Structures to the South African Revenue Service and will come into effect on 1 March 2023.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Advisory Services (Pty) Ltd., Johannesburg

- ▶ Stefan Botha stefan.botha@za.ey.com
- ▶ Wendy Gardner wendy.gardner@za.ey.com

Ernst & Young Advisory Services (Pty) Ltd., Cape Town

- ▶ Ide Louw ide.louw@za.ey.com

Ernst & Young Advisory Services (Pty) Ltd., Durban

- ▶ Candice van den Berg candice.vandenberg@za.ey.com

Ernst & Young Société d'Avocats, Pan African Tax - Transfer Pricing Desk, Paris

- ▶ Bruno Messerschmitt bruno.messerschmitt@ey-avocats.com
- ▶ Alexis Popov alexis.popov@ey-avocats.com

Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London

- ▶ Byron Thomas bthomas4@uk.ey.com

Ernst & Young LLP (United States), Pan African Tax Desk, New York

- ▶ Brigitte F Keirby-Smith brigitte.f.keirby-smith1@ey.com
- ▶ Dele Olagun-Samuel dele.olaogun@ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 007104-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com