



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Gazetting of Notices on Expanding Access to Living Annuity Funds

The Notices on Expanding Access to Living Annuity Funds were gazetted on Monday 1 June 2020. These Notices give effect to the legislative framework required to implement the tax measures in this regard to combat the COVID-19 pandemic, following the President's address to the nation on 21 April 2020 and the announcement by the Minister of Finance on further tax measures to combat the COVID-19 pandemic. Included in the further tax measures was the expansion of access to living annuity funds as outlined in the Treasury's Media Statement published on 23 April 2020.

This relief measure will result in individuals who receive funds from a living annuity being temporarily allowed to immediately either increase (up to a maximum of 20 percent from 17.5 percent) or decrease (down to a minimum of 0.5 percent from 2.5 percent) the proportion they receive as annuity income. This will assist individuals who either need cash flow immediately or who do not want to be forced to sell after their investments have underperformed. As a result, living annuity members can now approach their financial sector providers to adjust the proportion they receive as annuity income, instead of waiting up to one year until their next contract anniversary date.

Further to the above, the minimum value of the annuity or part of the retirement interest which an individual can withdraw in the event that there was any previous lumpsum commutation in the fund was amended and replaced with a single threshold of R125 000. Further details can be found in the Draft Explanatory Memorandum published on 19 May 2020 on the Treasury's website.

The Notices on Expanding Access to Living Annuity Funds are published in Government Notice No.618, Government Gazette No. 43379 of 1 June 2020 entitled "Notice in Respect of Method of Formula for Purposes of Determination of Amount for Purposes of Paragraph (b) of Definition of Living Annuity in Section 1(1) of Income Tax Act, and Government Notice No.619, Government Gazette No.43380 of 1 June 2020 entitled "Notice in Respect of Amount of Value of Assets that may be paid in Lump Sum for Purposes of Paragraph (c) of the Definition of Living Annuity in Section 1(1) of Income Tax Act, 1962

The Gazetted Notices on Expanding Access to Living Annuity Funds can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

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