
**Pension Lawyers Association
Exchange Control Changes
Ron Dicks**

Key Issues

- History
- New changes
- Concerns

History

- 1994
 - Pre : prohibition
 - Asset swap mechanism
- 1998
 - Asset swaps increased
 - Currency transfers
- 2001
 - Asset swap terminated
 - Currency transfers remain
- Regulation 28

New Changes

- Circular D403
- Institutional investors
- New concepts
 - Originating institution
 - Managing institution
 - Institutional assets
 - Retail assets
- Foreign exposure

New Changes

- Quarterly Asset Allocation Report
 - Assets distinguished
 - Investment managers
 - Asset valuation
 - Audit procedure
 - Report due

New Changes

- Self Certification
 - P.O. declaration
 - Exposure greater than 15%
 - Outsourced
 - Entity to complete

New Changes

- Repatriation
 - Exposure greater than 15%
 - Misrepresentation
- Security
 - Quarterly Report
 - Misrepresentation
 - Exposure greater than 15%
 - Total security

Concerns

- Onerous reporting
- Exposure limited
- MIC
- Managing institutions
- Costs

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- UNCLAIMED BENEFITS
- LEGISLATIVE PROPOSALS

Taxation

- Assessments
- “Accrual” or “Receipt”
- Rules wording : claiming & accrual
 - withdrawal benefit
 - transfer option
 - paid-up option/default
 - waiting periods (industry employment)

SARS taxation of existing unclaimed benefits

- “representative taxpayer”
- detailed information
- assessment at 30% average of average rate
- payable in 7 calendar days - interest/ext
- low earners

SARS taxation of existing unclaimed benefits

- deemed accrual now
- penalties and interest
- disinvestment
- objections
- reduced assessments

Proposals for new legislation

- Major objectives
 - prevent prescription
 - central fund
- “Unpaid” and “unclaimed” benefits
- Compulsory transfer to central fund

Central Unclaimed Benefits Fund

- Rules
- Trustee Board
- Use of amounts unclaimed
- Taxation status?
- Tax on amounts paid out