

Media Release**Association for Savings and Investment South Africa (ASISA)****15 November 2024****CIS tax certainty is necessary and needs to support the growth of savings**

The Association for Savings and Investment South Africa (ASISA) welcomes the release earlier this week by National Treasury of the long-awaited discussion document on the tax treatment of collective investment schemes (CIS).

The discussion document stems from a commitment by National Treasury in 2020 to review the income tax treatment of amounts received by portfolios of collective investment schemes.

Dr Stephen Smith, consulting senior policy adviser at ASISA, says the document invites responses from the public, advisory firms and the CIS industry primarily on how a simplification rule might be designed to distinguish between income versus capital gains when portfolio assets are bought and sold.

"The document offers several proposals for discussion aimed at implementing a new tax regime for CIS portfolios and achieving tax certainty. This does not mean there will be a new tax liability for the millions of South Africans who save through CIS portfolios."

Smith explains that the CIS industry is strictly regulated, and the investment powers of portfolio managers are stipulated in regulation. "It is therefore somewhat anomalous that explicit tax certainty should not be afforded these portfolios in law. The National Treasury discussion document offers a number of optional proxies to achieve this end. ASISA is appreciative of the fact that the document acknowledges that there may be more than one way of improving income definition."

Smith says ideally, the outcome will support the growth of savings as an objective since it is essential to the country's economic growth and development.

"This requires CIS solutions that continue to be attractive and easily understood by domestic and international investors. CIS portfolios should be of broad appeal and accessible to all; they should not serve the interests of any special groups. They should also encourage a new generation of South African savers who need access to a variety of financial assets to ensure their financial security and the realisation of their long-term financial ambitions."

ASISA has set in motion a process for its members to comment on the proposals, some of which require further clarification. Commentary will be submitted by the deadline of 13 December 2024.

Ends

For more information, please contact:

Lucienne Fild
Independent Communications Consultant
082 567 1533
lucienne@fild.co

Issued on behalf of:

The Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.