



Ceasing to be a tax resident and your retirement fund

Pension preservation, Provident preservation, and Retirement annuity funds

Amendment to fund definitions effective 1 March 2021:

Allowing members of those funds, who have ceased to be a South African tax resident for an uninterrupted period of three years or longer from 1 March 2021, to withdraw the full benefit in their fund as a lump sum before reaching their retirement date.

1 PRESERVATION FUND OR RETIREMENT ANNUITY

However, once you have made an election to retire from your preservation fund or retirement annuity fund, you can no longer withdraw your retirement savings as a lump sum regardless of whether you are a non-resident.

2 PENSION AND PROVIDENT PRESERVATION FUNDS

In addition, if a member of a pension preservation fund and a provident preservation fund has ceased to be a resident for an uninterrupted period of three years or longer and who has previously accessed the once-off withdrawal in that preservation fund, he or she may also withdraw the full benefit before an election is made to retire from the fund.

3 RETIREMENT ANNUITY FUND

A member of a retirement annuity fund who has stopped contributing to the fund can, before the member elects to retire from that fund, withdraw the full benefit if he or she has ceased to be a resident for an uninterrupted period of three years or longer on or after 1 March.

Fund administrator requirements upon withdrawal after three-year waiting period

Your fund administrator must ensure that you were not a resident for an uninterrupted period of three years or longer and must submit the tax directive application together with the following documentation:



CERTIFICATE OF RESIDENCE

Not older than 12 months issued by the tax authority of the country of residence.



PASSPORTS INDICATING ENTRY IN AND OUT OF SA

Or assessments issued by the country of residence and/or any other relevant supporting documents to confirm that you have ceased to be a resident.



REGISTRATION AMENDMENT AND VERIFICATION FORM

SARS must be informed if you cease to be a resident to reflect you as a non-resident - the tax directive could be rejected if not updated. Form: (RAV01)

Tax directive application rejection

Your tax directive application will be rejected in the following instances:

- Where the supporting documents were not attached to the application;
- Where the most recent income tax return immediately prior to departure was not submitted and assessed;
- Where you have not informed SARS that you have ceased to be a resident;
- Where your tax reference number is not active on the SARS system. However, if you have left the country before 2000 and your tax reference number was deactivated, the tax directive application can be submitted without a tax reference number.

Pension and Provident fund members

The afore-mentioned provisions will not apply to you should you cease to be a resident.

WITHDRAWAL benefit

If you withdraw from your fund, in other words you have **resigned from employment**, you are entitled to take your withdrawal benefit in cash.

RETIREMENT benefit

If you **retire from employment**, your benefit will have to be deferred in the fund to be paid as a retirement benefit later or transferred to a preservation fund or retirement annuity fund. Depending on whether you are a member of a pension or provident fund and whether compulsory annuitisation affects your benefit, it may mean that your retirement benefit in your fund is available to you in the form of a lump sum.

Very important

Seek the assistance of a **reputable tax practitioner** to guide you through the emigration process as the cessation of your tax residence has other tax implications as well and does not only affect the taxation of your retirement fund benefit.