

Legal and Policy
Division



Retirement Funds Section

Office
Head Office

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Reference
18/20/2/

Date
22 February 2010

ATTENTION: RUWAIDA KASSIM

Chief Executive Office
The Institute of Retirement Funds
P.O. BOX 78870
SANDTON
2146

South African Revenue Service

Pretoria Head Office
299 Bronkhorst Street,
Nieuw Muckleneuk, 0181
Private Bag X923, Pretoria, 0001
Telephone (012) 422 4000

Dear Sir/madam,

INCOME TAX: COMMUTATION OF SMALL ANNUITIES

The IRF submission to SARS Ref 09106 of 16 February 2010 refers. The issues will be addressed in the order in which they were raised.

Please note that, with regard to the "Purpose" of the note, these paragraphs will remain as is. They reiterate our comments as explained in the body of the Note succinctly.

P.2, last paragraph: we note your view. It is our view however that our interpretation remains in place until legislation is accordingly enacted which indicates otherwise.

P. 3, paragraph before "Divorce: Our Operations business unit has confirmed that this can only be done on a case-by-case basis. Therefore if a directive application is declined on the grounds of *gross lump sum incorrect* the administrator can assume that the member has commuted before and therefore will only be allowed to commute the remaining R50 000.

The Note will be reviewed with due consideration of your comments for which we thank you.

We trust that you will find the above helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Ramasimong', written over a rectangular stamp area.

T. Ramasimong (Mr)

A handwritten signature in black ink, appearing to read 'A. Mara', written over a rectangular stamp area.

A. Mara (Mrs)

for COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE