Gravity
Accounting Solutions
ESTATES | TAX | ACCOUNTING

TAX MIGRATION

RESIDENCY | TAX | STRUCTURING

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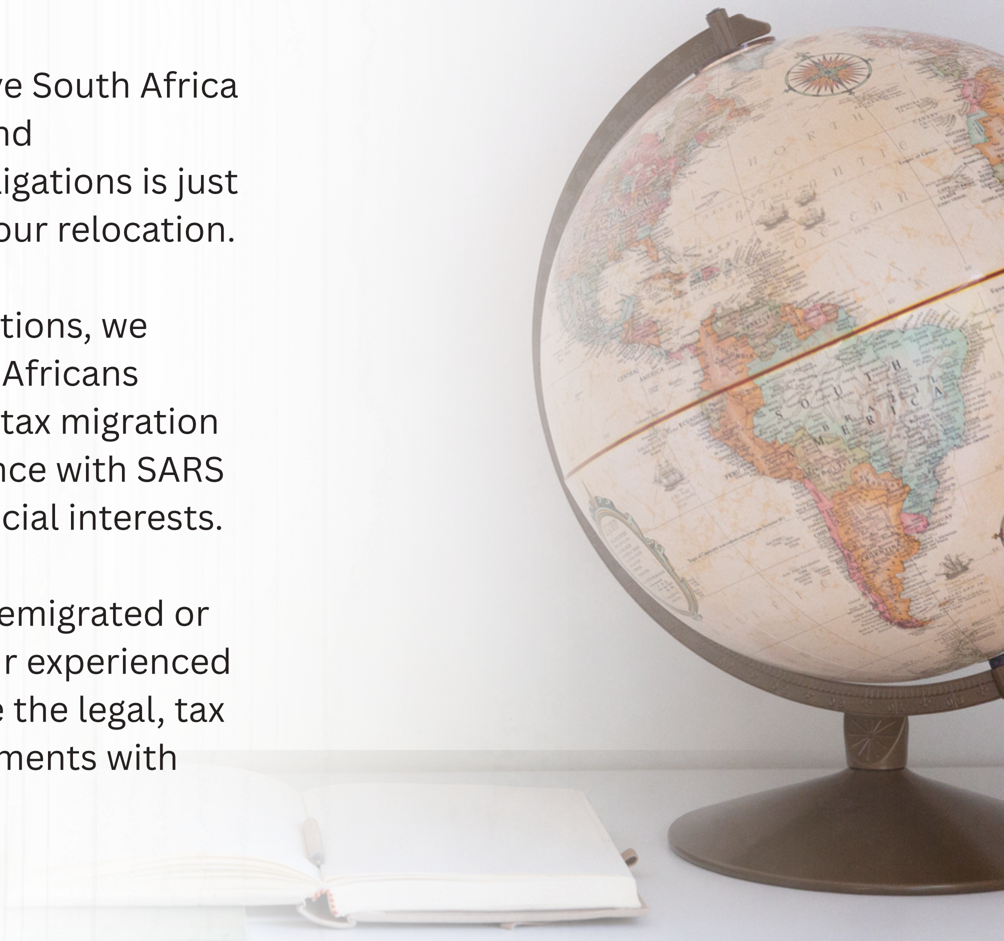
ABOUT US

Making the decision to leave South Africa is a significant life event, and understanding your tax obligations is just as important as planning your relocation.

At Gravity Accounting Solutions, we specialise in guiding South Africans through every stage of the tax migration process, ensuring compliance with SARS while protecting your financial interests.

Whether you have already emigrated or are planning your move, our experienced team will help you navigate the legal, tax and administrative requirements with confidence.



Our Mission

To empower our clients with financial clarity and strategic insight.

Our Vision

To be the trusted partner for sustainable finacial success.

Our Value

Integrity. Accuracy. Confidentiality and Client-focused services,

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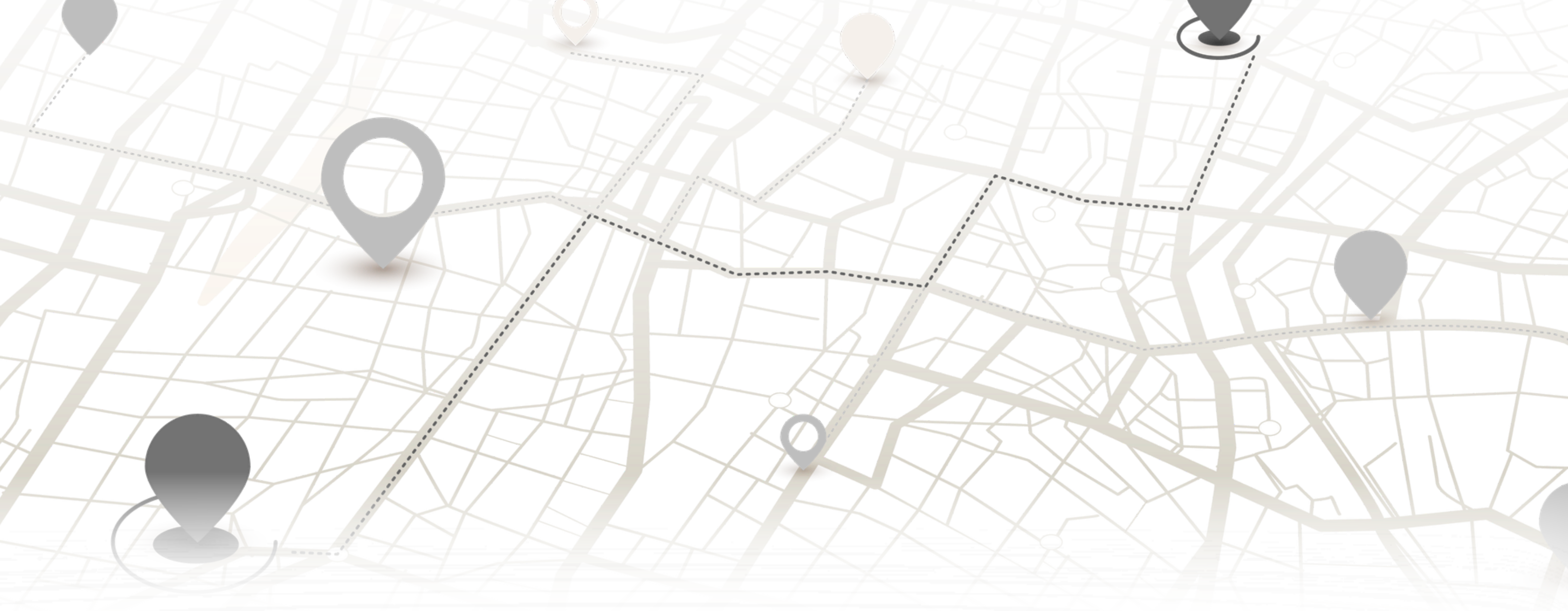
UNDERSTANDING TAX MIGRATION



Many people still believe Financial Emigration exists.

It doesn't.

Since 1 March 2021, Financial Emigration through the South African Reserve Bank was abolished.

Today, individuals formally cease South African tax residency directly through SARS, providing they become tax residents in another country.

This process determines whether you continue paying tax in South Africa on worldwide income or only on South African sourced income.

- Retirement annuities withdrawal can only be done after 3 consecutive years of being a non-resident
- South African banks should be informed of the individual's non-resident tax status, and accounts should be updated accordingly.
- The annual Single Discretionary Allowance (SDA) of R1 million is not available to individuals who have ceased South African tax residency and obtained an Emigration TCS PIN.
- All foreign transfers by non-residents require an approved SARS Approval International Transfer (AIT) TCS PIN before the funds can be remitted overseas.

03 IMPORTANCE & BENEFITS OF CEASING TAX RESIDENCY

- Where SARS has not been formally notified of a change in tax residency, an individual will generally continue to be regarded as a South African tax resident living temporarily abroad.
- An individual does not automatically become a non-resident for tax purposes solely by emigrating from South Africa.
- Tax non-residents are only liable for tax in South Africa on income that is sourced within South Africa and are required to declare such South African-sourced income to SARS.
- You can eventually access certain South African retirement funds (Subject to current legislation).
- In terms of section 22 of the Tax Administration Act, a taxpayer is required to notify SARS of any changes to their registered particulars within 21 business days, including changes to physical address and tax residency status.
- Foreign employement income may fall outside the South African tax system
- Under the Income Tax Act, South African tax residents are taxed on their worldwide income and must declare all global earnings to SARS. This includes potential exposure to Capital Gains Tax (CGT) and Estate Duty on worldwide assets.
- Future foreign investment growth is generally excluded from South African taxation.

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TAX MIGRATION & TAX RESIDENCY CESSATION IMPLICATIONS

Exit Tax (Capital Gains Tax)

When you cease to be a South African tax resident, you may become liable for Exit Tax in terms of Section 9H of the Income Tax Act. This creates a deemed disposal of most of your worldwide assets at their market value on the day before your tax residency ends, which may result in Capital Gains Tax (CGT) becoming payable.

Assets Generally Excluded from Exit Tax

Certain assets are not subject to the deemed disposal, including:

- South African immovable property (CGT is only triggered when the property is eventually sold).
- Retirement fund interests, including retirement annuities.
- Beneficial interests in discretionary trusts where no vested rights exist.

Important Trust Considerations

If you are a beneficiary of a trust and may receive future income or capital distributions, careful tax planning should be undertaken before ceasing South African tax residency. South Africa's anti-avoidance provisions may apply in certain circumstances, resulting in trust income or capital gains being taxed at significantly higher rates than would ordinarily apply to an individual. Seeking professional advice before emigrating can help avoid unexpected tax consequences and ensure the most tax-efficient outcome.

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TAX RESIDENCY CESSATION

SARS determines tax residency based on two test.

Cessation of tax residency is generally effective from the date of departure from South Africa or the activation of a double tax treaty, even if finalised later.

Applying Double Tax Agreements (DTAs)

South Africa's Double Tax Agreements with other countries help prevent double taxation. Where applicable, the treaty determines which country has taxing rights over an individual's income.

The cessation date of South African tax residency is established in line with the relevant treaty rules and the residency criteria of each country.

Ordinarily Resident Test

"Ordinarily resident" refers to the place a person considers their permanent home and intends to return to. If there is no intention to return to South Africa, ordinary residence is regarded as having ended.

The cessation date of tax residency is generally the date of departure from South Africa.

Double Tax Agreement (DTA) – Tie-Breaker Rule

Where an individual is a tax resident of both countries, Article 4 applies the following order to determine residency:

(a) Country of permanent home - If a permanent home exists in both States, residency is determined by the State where the individual's personal and economic ties are stronger (centre of vital interests).

(b) If unclear, country of habitual abode

(c) If still unresolved, country of nationality

(d) Otherwise, authorities of both countries settle the matter by mutual agreement

06 PROCESS & TIMEFRAME

- RA Withdrawal: If non-resident for 3 consecutive years, withdrawal typically takes 3–4 months.
- Full Tax Migration Process: Start to completion (including deregistration of tax obligations where applicable), the process can take up to 18 months, depending on circumstances and SARS processing times.

1. SARS TAX RESIDENCY CESSATION DECLARATION

The official process to cease South African tax residency requires a formal declaration to SARS.

- Declare your new country of tax residency.
- Submit the required supporting documentation.
- SARS will assess your application and, if approved, issue a Notice of Non-Resident Tax Status.

2. APPROVED INTERNATIONAL TRANSFER (AIT PIN)

The AIT PIN enables the legal transfer of funds offshore in compliance with South African regulations. It requires supporting documentation and full disclosure of the source and nature of funds.

3. WITHDRAWING A RETIREMENT ANNUITY

We assist clients in accessing their retirement annuities from fund providers once all regulatory conditions have been satisfied. This includes confirmation of non-resident tax status, approval of the AIT process, and compliance with the required three-year non-residency rule.

4. SUBMISSION OF INCOME TAX RETURN

An income tax return must be submitted to SARS to declare the retirement annuity withdrawal and account for any capital gains tax arising on emigration.

5. FINAL TAX STATUS & ONGOING COMPLIANCE

When the final tax assessment has been completed and the non-resident no longer holds South African income or assets, the tax profile can be updated accordingly. Where South African income or assets remain, the individual remains a non-resident taxpayer and is required to continue submitting annual returns on South African-sourced income.

07 WITHDRAWALS OF RETIREMENT ANNUITY

Before 1 March 2021, individuals who emigrated could immediately access their retirement annuities once financial emigration was completed.

Following legislative changes effective from 1 March 2021, a restriction now applies. Retirement annuities may only be withdrawn once the taxpayer has been confirmed as a non-resident for a continuous period of at least three years.

Tax treatment may also vary depending on the timing of withdrawal and whether the benefit is accessed before retirement age.
Where retirement annuities are withdrawn due to emigration, payments must be made into a valid non-resident bank account.

Maturity Withdrawal

- Lump sum withdrawal allowed if value is below R247,500.00. If it exceeds this amount, only one-third may be withdrawn as a lump sum.
- Tax is calculated according to the retirement fund lump sum tax tables applicable at the date of withdrawal.
- The remaining balance is subject to tax at rates ranging from 18% to 36%.
- The remaining balance is required to be invested in a South African living annuity.
- Income from a living annuity is taxed at normal income tax rates and must be declared to SARS annually. Where taxed in a foreign jurisdiction, a tax directive may be obtained to prevent or reduce South African withholding tax.

Emigration Withdrawal

- The applicable retirement fund withdrawal tax table will apply at the time of withdrawal.
- Full lump sum withdrawal is permitted, subject to the applicable regulatory and tax requirements
- The remaining balance is subject to tax at rates ranging from 18% to 36%.
- Final taxation of Retirement Annuity Benefits

08 OUR PACKAGES

Choose the Right Solution for Your Journey

Tailored packages to suit your needs, whether you've just moved or are planning ahead.

Package 1

Residency Review

Understand your current tax position and obligations.

- Residency assessment
- Tax treaty review
- Exit tax exposure
- Written recommendations

Package 2

Cease to be Resident

We handle your SARS cessation application.

- SARS application
- Supporting documents
- Notice of Non-Resident Status
- SARS follow-up

Package 3

Full Tax Migration

Our complete end-to-end migration solution.

- Residency review
- Exit tax calculations
- SARS submissions
- AIT application assistance
- Tax return submission

Package 4

International Structuring

Protect and grow your wealth with global structuring.

- Trust review
- Offshore structuring
- Tax treaty analysis
- Estate & CGT planning

READY TO START?

Let's Make Your Transition Smooth and Stress-Free

Contact us today for a confidential conversation about your tax migration needs.

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THANK YOU

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Stay updated with our latest insights

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