

TAXATION



SOUTH Africans living and working abroad are being urged to take note of recent changes by the South African Revenue Service that significantly alter how non-residency for tax purposes is treated and enforced.

| ZIPHOZONKE LUSHABA

Independent Newspapers

How recent Sars changes affect South Africans living abroad

PHILIPPA LARKIN

SOUTH Africans living and working abroad are being urged to take note of recent changes by the South African Revenue Service (Sars) that significantly alter how non-residency for tax purposes is treated and enforced.

According to Thomas Lobban, Director of Tax and Legal at Latita Africa, Sars has quietly amended its Notice of Non-Resident Tax Status to now include the specific legal basis - such as reliance on a double tax agreement - for ceasing South African tax residency. While the change appears administrative, Lobban says it marks a crucial shift in Sars' oversight of taxpayers living outside the country.

Coupled with the 2025 requirement for taxpayers to declare their residency status to Sars, this change dramatically increases the risk of residency audits and backdated reclassification, especially for South Africans living abroad or those returning after a period of non-residency.

Sars is reviewing and tightening up its protocols around how it treats non-residency from a tax perspective," Lobban said in an interview.

Legal Basis for Non-Residency Now Explicit

Previously, individuals who ceased to be South African tax residents would receive a notice from Sars confirming their non-resident status. Lobban said what is new that recently, Sars has started including in those letters the reason why you are a non-resident.

South Africa has two tests to determine tax residency. The first is the "ordinarily resident" test, which looks at whether South Africa is your permanent home.

If your intention is not for South Africa to be your permanent home then you can cease your tax residency on that basis. Sars now includes that reason in the letter.

But if you have every intention for South Africa to remain your permanent home, and you're only abroad temporarily you can then apply a double tax agreement to say that you're only resident in the other country, and therefore non-resident in South Africa. Sars then states that as the basis on which you ceased to be a tax resident.

Lobban said the other change Sars made is that people returning to South Africa are now required to declare to Sars that they have resumed their South African tax residency.

"Previously, you wouldn't need to do that - you could simply go onto eFiling, change your status, and that was it. You'd be a resident again. But now, it's a formal disclosure. You need to declare to Sars when you became a tax resident again," he said.

He said a lot of people over the years have left South Africa and done nothing about their tax residency. They stayed under the radar and then returned to South Africa and quietly begin treating their tax affairs as normal again, from Sars perspective.

But now, since you must declare when you became a tax resident again, Sars potentially has the opportunity to go back and say, "Aha, you never actually ceased to be a tax resident. You owe us tax on that foreign income from the past," Lobban explained.