Ref: # 244620

30 January 2009

South African Revenue Service
Private Bag X923
PRETORIA
0001

BY E-MAIL: policycomments@sars.gov.za

Dear Sir / Madam

CALL FOR COMMENT: DISCUSSION PAPER ON INTERNATIONAL SUBSISTENCE ALLOWANCES

We refer to the call for comment on the above-mentioned document. Set out below please find the SAICA National Tax Committee’s submission regarding the policy comments contained therein.

1. It is considered unusual that SARS intends to make use currencies for which there are no rates quoted by South African banks, namely:
   - Bahraini Dinars
   - Iceland Krone
   - Korean Won
   - Omani Rials
   - Panua New Guinean Kina
   - Quatari Riyals
   - Samoan Tala
   - New Taiwan 
   - Tonga Pa’anga
   - Tunisian Dinars

   Travellers will find it extremely difficult to find these rates at particular dates (e.g. end of the tax year). The only manner in which to determine these exchange rates will be by phoning the taxpayers bank.

2. The rates that SARS has used are considered insufficient as they give rise to unrealistic amounts to claim per day e.g.
   - Swaziland – The rate is R411, this is considered unrealistic because if one wants to book a hotel room in Mbabane then the cheapest rate is R1.200 per night without lunch and diner.
• Czech Republic – The rate allowed is €80, but the cheapest reasonable hotel is about €150 per night without meals.

3. It appears that using the Department of Public Service and Administration (DPSA) figures is inappropriate for the following reasons:

• Government officials prepare their visits months in advance because of lengthy protocol issues and this allows them to obtain advance rates.
• They further usually travel in a group and obtain group discounts. Government officials usually receive assistance from the local embassy to get reasonable accommodation.
• Businessmen usually travel at short notice and do not have the luxury of the advance and bulk purchasing that Government officials do not have, nor do they receive any assistance from embassies in obtaining reasonable accommodation.

4. We would suggest SARS follow the example of the Post Office with regard to delivery charges and have different zones, but not more than 10, and determine a deemed rate for each of these zones. The Australian Tax Office only has 6 groups/zones.

5. We question the rationale behind the large discrepancy between France and Germany (France 149 Euro and Germany 107 Euro.)

6. In cases where clients visit multiple countries during a trip to Europe i.e. sometime more than one country a day, in these instances this will increase the administrative burden.

7. An allowance of R660 is seen as reasonable for Namibia while the local allowance is only R240.

Please do not hesitate to contact me should you require further information.

Yours faithfully

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PROJECT DIRECTOR: TAX
The South African Institute of Chartered Accountants