



# Emigrating & Ceasing to Be a Tax Resident

---

If you leave South Africa to become a permanent resident abroad, you may want to change your tax residency status.



Secured. Assured.

South Africa has a residence-based tax system where SARS expects anyone considered a tax resident to pay tax on their income, regardless of where they earned it.

---

The concept of “tax emigration” has replaced “financial emigration” and essentially means you change your status from being a “resident” to a “non-resident” so that you are no longer liable for income tax on your worldwide income in South Africa.



## What Happens if I Cease to Be a Tax Resident?

---

Once you have ceased to be a tax resident in South Africa, you are no longer taxed in South Africa on your worldwide income, only on South African-sourced income.

You will be deemed to have disposed of your worldwide assets, excluding immovable property situated in South Africa.

---

Below, we will cover what it means to be a tax resident, how you cease to be a tax resident and the steps you need to follow to declare your tax residency status change to SARS.

The process can be complicated and time-consuming, but we're here to assist and answer any questions you may have.



# Who is a Tax Resident?

An individual is a resident for tax purposes in South Africa either by way of ordinarily resident status or physical presence.

The concept of “ordinarily resident” is not clearly defined and is determined on a case-by-case basis. SARS will take several factors into account:

## You will need to pay tax in South Africa if you –



Consider South Africa your real home or plan to return to reside permanently (regardless of whether you currently live abroad).



Have spent time within South Africa for more than 91 days in the relevant tax year and more than 91 days in each of the last five tax years (as well as more than 915 days in total within that period).



Own property in South Africa (including non-residents). You may be liable for capital gains tax on the property if you sell it.



Earn income from a South African source (including rental income).



Earn over R1.25 million in foreign employment income as a South African tax resident (or do not meet the requirements for foreign income exemption).

## You can also become a tax resident through a physical presence test.

An individual deemed to be exclusively a resident of another country for purposes of a double tax agreement is excluded from the definition of “resident”.

An individual may qualify as a resident under the ordinarily resident or physical presence tests but will not be regarded as a resident for South African tax purposes if that person is a resident of another country when applying a double tax agreement.



# How Do I Cease to Be a Tax Resident in South Africa?

**You cease to be a tax resident based on how you have been a tax resident in South Africa.**

If you have ordinarily resident status, it depends on whether you intend to cease to be ordinarily resident in South Africa and no longer make South Africa your real home. If you have ceased to be an ordinarily tax resident, it will be from the day you ceased residence.

## Factors that will be taken into account to determine whether a taxpayer has ceased to be a tax resident of South Africa:

- The type of visa on which you have gone to the foreign country.
- Proof of permanent residence in the foreign country (if applicable).
- A certificate of tax residence from the foreign revenue authority or a letter from the authority that indicates that you are regarded as a tax resident in that country (if available).
- Details of any property that you may still have available in South Africa. Indicate the purpose for which such property is being used.
- Details of any business interest (e.g. investment and employment) that you may still have in South Africa.
- Details of your family. Indicate whether any family members are in South Africa and the reasons therefor.
- Details of your social interests (e.g. gym contract, recreational clubs and societies) and location of your personal belongings.
- Details of any return visits to South Africa, their frequency and the reason for undertaking such visits.
- An individual, who is resident by virtue of the physical presence test, ceases to be a resident when that person is physically outside the Republic for a continuous period of at least 330 full days. The individual will be deemed to have ceased to be a resident from the day such a person left South Africa.

An individual who has become a tax resident of another country through a double tax agreement will also cease to be a resident for tax purposes in South Africa.





# How Do I Declare That I Have Ceased to Be a Tax Resident in South Africa to SARS?

---

If you have ceased to be a tax resident of South Africa, SARS needs to be informed. We can handle the process by completing the SARS declaration of non-residency and drawing up a motivational letter describing your circumstances.

You can obtain the necessary documents on the South African Revenue Service website ([sars.gov.za](http://sars.gov.za)) or by contacting our admin team.

## What is the Purpose of Such a Declaration?

---

This is to inform SARS of the change in tax residency status. Your status impacts the basis on which you will be subject to tax in SA and how your returns will be assessed going forward.

The year in which you have ceased to be a tax resident may also result in a possible deemed capital gains tax disposal depending on the type of assets you held and where they're located at the time.

## Who Must Make the Declaration, and When?

The individual taxpayer or their duly authorised representative must inform SARS. As soon as an individual ceases to be a tax resident, SARS must be informed within 21 days.

---



# What Documentation Should Be Provided?

Once we have submitted your application, a case will be opened by SARS, through which they will investigate and confirm your tax residency status.

This will necessitate the request of certain supporting documentation which you will need to furnish to support your assertion that you have ceased to be a tax resident in South Africa. This documentation serves to provide proof that you intend to live abroad permanently.

## Standard requirements (To be submitted with all declarations)



The signed declaration indicating the basis on which you qualify.



A letter of motivation setting out the facts and circumstances in detail to support the disclosure that you have ceased to be a tax resident.



A copy of your passport/travel diary.



## Specific requirements

You may also need to supply the following, depending on the basis you have ceased to be a tax resident in South Africa:

1. Cease to be ordinarily resident
2. Cease by way of the physical presence test
3. Cease due to application of Double Tax Agreement (DTA)



## Qualifying basis 1: Cease to be ordinarily resident

- The type of visa on which you have gone to the foreign country.
- Where you have already taken up permanent residence in the foreign country, submit proof thereof.
- A certificate of tax residence from the foreign revenue authority or a letter from the authority that indicates that you are regarded as a tax resident in that country (if available).
- Details of any property that you may still have available in South Africa (Indicate the purpose that such property is being used for).
- Details of any business interest (e.g. investment and employment) that you may still have in South Africa.
- Details of your family. Indicate whether any family members are in South Africa and the reason thereof.
- Details of your social interests (e.g. gym contract, recreational clubs and societies) and location of your personal belongings.
- Details of any return visits to South Africa, the frequency thereof and the reason for undertaking such visits.

## Qualifying basis 2: Cease by way of the physical presence test

Only the standard requirements must be supplied.

## Qualifying basis 3: Cease due to application of Double Tax Agreement (DTA)

A certificate of tax residence from the foreign revenue authority or a letter from the authority that indicates your status as a tax resident in that country.

# When Will a Declaration Be Declined?

A declaration will be declined if one of the following conditions apply:

- If the taxpayer does not meet the criteria for ceasing to be a tax resident.
- If the taxpayer cannot provide us with the relevant materials or the correct materials as requested.



# If You Previously Declared That You Ceased to Be a Tax Resident, How Do You Request Confirmation?

If you previously informed SARS that you have ceased to be a tax resident of South Africa and would like to request confirmation of your status, you can submit your request through a letter to us at [admin@finselect.co.za](mailto:admin@finselect.co.za).

The letter should contain the following:

1. background to the request;
2. the basis on which you have ceased to be a tax resident; and
3. date and manner in which SARS has previously been informed.

## We're Here to Assist You With the Process

The process can be complicated and time-consuming, but we're here to assist and answer any questions you may have. Talk to us today:

+27 (0) 12 065 0130 • [admin@finselect.co.za](mailto:admin@finselect.co.za)

[www.finselect.co.za](http://www.finselect.co.za)



Secured. Assured.