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Budget Snapshots

Disclosure of Wealth



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The following was published in the Budget Review.

Provisional taxpayers with business interests are required to declare their assets (based on their cost) and liabilities in their tax returns each year. To assist with the detection of non-compliance or fraud through the existence of unexplained wealth, it is proposed that all provisional taxpayers with assets above R50 million be required to declare specified assets and liabilities at market values in their 2023 tax returns.

This is a very interesting development.

The idea of disclosing “market values” is certainly going to have challenging practical difficulties. How will it be possible to determine and measure market values? What is market value? Who will pay for the cost of such valuations? Much will depend on which assets are specified.

Until now, it has been necessary to disclose assets at original cost (usually the base cost). Unexplained increases year on year could indicate undisclosed income or gains. It is part of the procedure referred to commonly as lifestyle audits.

It seems that the collection of market valuations of assets may indicate a heads-up for a future wealth tax.



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