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JUNE 23**MEDIA STATEMENT****IMMEDIATE RELEASE**

SUSPENSION OF SECTION 45 OF THE INCOME TAX ACT
WILL IMPACT NEGATIVELY ON BBEE &
TRANSFORMATION

While business supports the broader intention of the Draft Taxation Laws Amendment Bills to bolster inclusive growth and development, BUSA has serious concerns about the impact of the decision by the National Treasury to suspend section 45 of the Income Tax Act until December 2012, in view of the negative effect this will have on BBEE transactions and transformation.

This has generated a great deal of uncertainty, as many BEE transactions have been structured in terms of this section. The unintended consequences of the suspension of section 45 of the Income Tax Act have a serious potential of effectively terminating BBEE deals. The likely impact on some of the BEE deals implies that the changes could result in the BEE partners paying double or even triple tax charges.

We urge the National Treasury to reconsider its decision to proceed with this tax change until further consultation has taken place.

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