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SAM : Tax challenges

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SAM Workshop
18 May 2012 & 21 May 2012

Agenda



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- 1. Introduction**
- 2. Current situation**
- 3. Principles**
- 4. Where to from here?**

Introduction



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- **What is SAM?**
- **What does it mean for tax?**
- **Progress to date?**
 - Tax task group**
 - Workstreams**
 - Non life workshop**
 - Numerous meetings with NT / SARS**

Current situation



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- **Life**

S29A

Basis determined by FSB Chief Actuary

**Best estimate plus margins, including
zeroisation**

- **NT review of four funds**

- **Issues:**

IFRS

Past practice

Reinsurance

Current liabilities

Principles

Adam Smith



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- I. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.

- II. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person.

Principles

Adam Smith



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III. Every tax ought to be levied at the time, or in the manner, in

**which it is most likely to be convenient for the contributor to pay
it.**

IV. Every tax ought to be contrived as both to take out and to keep

**out of the pockets of the people as little as possible over and above
what it brings into the public treasury of the state.**

**SUMMARY : EQUITY CERTAINTY CONVENIENCE
EFFECTIVENESS**

Principles



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EUROPEAN COMMISSION
DIRECTORATE-GENERAL TAXATION AND CUSTOMS UNION
Analyses and tax policies
Analysis and Coordination of tax policies

Brussels, 10 December 2004
Taxud-E1 – TN/

CCCTB/WP\001Rev1\doc\en
Orig. EN

**COMMON CONSOLIDATED CORPORATE TAX
BASE WORKING GROUP (CCCTB WG)**

Principles



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“Rules are not necessarily sacred, principles are” – Roosevelt

“People who complain about taxes can be divided into two classes – men and women.” – unknown

I am proud to be paying taxes in the US. Only thing is I could be just as proud for half the money.” – Godfrey

“A government that robs Peter to pay Paul can always depend on the support of Paul” – Shaw

Principles



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- Vertical equity
- Horizontal equity
- Simplicity, transparency, certainty
- Accruals basis
- Prudence

SAM appropriate?

Where to from here?



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- NT four funds review – uncertainty!
- IFRS 4 Phase 2 – uncertainty!
- SAQIS2 : what do we test?

What is the best proxy for where we think we will end up?

- *Tax risk in ORSA?*



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Questions