

Official rates of interest (effective 1 September 2009)

Description	Rate
Fringe benefits – interest free or low interest loan	8.0 % p.a
Late or underpayments of tax	10,5 % p.a
Refund of overpayments of provisional tax	6,5% p.a
Refund of tax on successful appeal or where the appeal was conceded by SARS	10,5 % p.a

Tax Calendar

Provisional tax – individual / company

1st Payment	6 months prior to year end
2nd Payment	at year end
3rd Payment	7 months after year end (if 28/29 February), or 6 months after year end (if any other date)

Note: Individuals who on the last day of the year of assessment will be over 65 years are exempt from provisional tax if they are not directors of private companies and only receive employment income, interest, rental or dividends amounting to taxable income of up to R120 000.

Provisional tax – penalties on underestimation

An underestimation penalty will be levied on second provisional tax estimations as follows:

- Where the final actual taxable income is more than R1 million: A 20% penalty will be levied if the combined first and second provisional tax payments are less than 80% of the tax on the actual taxable income for the year of assessment.
- In any other case: A 20% penalty will be levied if the combined first and second provisional tax payments are less than 90% of the tax on the actual taxable income for the year of assessment and is also less than the basic amount.

The penalties may be waived at the discretion of SARS.

Other taxes and levies

STC	last day of the month following the month in which the dividend is declared
VAT	25th day after end of the tax period. If paid by debit order or SARS Efilling, last business day of the month.
PAYE, SDL & UIF	7th day of each following month

If any of the above dates fall on a weekend or a public holiday, payment must be made on the immediately preceding working day. The cheque should be dated on such earlier date.

Mineral and Petroleum Royalties

The mineral and petroleum resources royalty will become operational from 1 March 2010.

Voluntary disclosure programme

Relief will be granted with regard to interest and penalties where taxpayers disclose their defaults (non-compliance). Window period from 1 November 2010 to 31 October 2011.

Capital Gains Tax

Effective CGT rates

Type of taxpayer	Inclusion rate %	Statutory rate %	Effective rate %
Individuals	25	0 – 40	0 – 10
Companies	50	28	14
Small business corporations	50	0 – 28	0 – 14
Personal service provider companies	50	33	17
Permanent establishments	50	33	17
Trusts	50	40	20

- Annual individual and special trust exemption of R17 500
- On the sale of a primary residence where the proceeds are R2 000 000 or less, CGT will not apply. For primary residences sold above this threshold, the R1 500 000 exclusion applies with regards to capital gain/loss
- Instead of the annual exclusion, the exclusion granted to individuals remains at R120 000 during the year of death.

Value-Added Tax

Standard rate on or after 7 April 1993	14%
VAT registration threshold remains at	R1 000 000
VAT voluntary registration threshold increases to	R50 000 from 1 March 2010.

Carbon dioxide emissions tax

A specific carbon dioxide emissions tax of R75 per g/km for each g/km above 120 g/km is to be introduced on new passenger vehicles from 1 September 2010. This emissions tax will be in addition to the current ad valorem luxury tax on new vehicles.

General Fuel Levy and Road Accident Fund Levy

The General Fuel Levy for 2010/2011 is increased by 17.5c/li for both petrol and diesel, to 167.5c/li for petrol and 152.5c/li for diesel. This includes an increase of 7.5c/li for each fuel type for the funding of the new petroleum pipeline between Durban and Johannesburg. The Road Accident Fund Levy will increase by 8c/li to 72c/li. Both increases will take effect on 7 April 2010.

Specific customs and excise duties

With effect from 17 February 2010 specific customs and excise duties on most alcoholic beverages and tobacco products are increased by between 8.1% and 8.9% on alcoholic beverages (excluding traditional African beer and beer powder which remain unchanged), and by between 6.2% and 16.1% on tobacco products.



Tax Card

2010/2011

TAX

Tax Rates (other than companies)

Natural persons

Taxable income		Rates of tax	
R	R	R	R
0	– 140 000	18% of each	1
140 001	– 221 000	25 200 + 25% of the amount above	140 000
221 001	– 305 000	45 450 + 30% of the amount above	221 000
305 001	– 431 000	70 650 + 35% of the amount above	305 000
431 001	– 552 000	114 750 + 38% of the amount above	431 000
552 001	and above	160 730 + 40% of the amount above	552 000
Tax threshold below age 65	R 57 000	Age 65 and over	R 88 528

Persons other than natural persons and companies

Trusts, other than special trusts, will continue to be taxed at a flat rate of 40%.

Rebates

- Primary rebate for natural persons R10 260
- Additional rebate for natural persons aged 65 and over R5 675

Travel Allowance

The capped car value remains at R 400 000. Deemed private kilometres remain at 18 000. It is proposed that the deemed method of claiming travel expenses will fall away effective from 1 March 2010.

80% of a travel allowance is subject to monthly employees' tax withholding, effective 1 March 2010.

Travel Table

Rates per kilometre which may be used in determining the allowable deduction for business-travel, where no records of actual costs are kept, remain the same:

Value of the vehicle (including VAT) (R)	Fixed cost (R/p.a)	Fuel cost (c/km)	Maintenance cost (c/km)
0 – 40 000	14 672	58.6	21.7
40 001 – 80 000	29 106	58.6	21.7
80 001 – 120 000	39 928	62.5	24.2
120 001 – 160 000	50 749	68.6	28.0
160 001 – 200 000	63 424	68.8	41.1
200 001 – 240 000	76 041	81.5	46.4
240 001 – 280 000	86 211	81.5	46.4
280 001 – 320 000	96 260	85.7	49.4
320 001 – 360 000	106 367	94.6	56.2
360 001 – 400 000	116 012	110.3	75.2
Exceeding 400 000	116 012	110.3	75.2

Company Cars

The monthly taxable value of a company car (primary car) remains at 2.5% and a second car at 4%. This however will increase in future.

Subsistence allowances and advances

Where the recipient is obliged to spend at least one night away from his/her usual place of residence on business and the accommodation to which that allowance of advance relates is in the Republic and the allowance of advance is granted to pay for:

- Meals and incidental costs, an amount of R276 per day is deemed to have been expended;
- Incidental costs only, an amount of R85 for each day which falls within the period is deemed to have been expended.

For overseas accommodation the applicable rate per country is available on the SARS website.

Deductions from Income

Retirement Annuity Fund contributions

The deductible amount is the greater of:

- (1) 15% of taxable income other than from retirement funding employment, or
- (2) R3 500 less pension fund contributions, or
- (3) R1 750.

Any excess may be carried forward to the following year of assessment.

- Contributions by employers will also be considered for deduction

Pension Fund contributions

The deductible amount is the greater of:

- (1) 7.5% of remuneration from retirement funding employment, or
- (2) R1 750.

Any excess may not be carried forward to the following year of assessment.

Interest and dividend income – natural persons - exemptions

Under 65 years - The first R 22 300 of interest income and taxable dividends is exempt.

Over 65 years - The first R 32 000 of interest income and taxable dividends is exempt.

Note: Foreign interest and foreign dividends will only be exempt up to R3 700 of the total exemption.

Donations to certain Public Benefit Organisations

The deduction is limited to 10% of taxable income before deducting medical expenses and donations.

Medical expenses

Medical contribution caps for tax purposes increased to R 670 for each of the first two beneficiaries and R410 for each additional dependant. In addition, the excess over 7.5% of taxable income may be claimed as a deduction. If a person is physically handicapped or aged 65 or over, all medical expenses are deductible.

Estate Duty and Donations Tax

Estate Duty - flat rate of 20% on all property of residents and South African property of non-residents. This may fall away in future.

A basic deduction of R3.5 million is allowed in the determination of an estate's liability for Estate Duty as well as deductions for liabilities, bequests to public benefit organisations and property accruing to surviving spouses.

The first R100 000 of property donated in each year, by a natural person, is exempt from donations tax.

Transfer Duty

Transfer Duty is payable at the following rates on transactions which are not subject to VAT:

Property value	Rates of tax
R0 – R500 000	0%
R500 001 – R1 000 000	5% on the value above R500 000
R1 000 001 and above	R25 000 plus 8% on the value above R1 000 000

Acquisition of property by persons other than natural persons – 8% of the value (flat rate).

Skills Development Levy (SDL)

Employers with a payroll of more than R500 000 per annum must account for SDL.

Contribution rate remains 1%.

Corporate Tax Rates

Rates of normal company tax

	%
Companies and Close Corporations	28
Branch and Agency profits tax / South African sourced income of foreign resident companies	33

Personal service provider companies 33

Small business corporations

- R0 – R57 000 of taxable income 0%
- R57 001 – R300 000 of taxable income 10% of the amounts above R57 000
- R300 001 and above of taxable income R24 300 + 28% of the amount above R300 000

Turnover tax for micro businesses

- R0 – R100 000 of taxable turnover 0%
- R100 001 – R300 000 of taxable turnover 1% of the amount above R100 000
- R300 001 – R500 000 of taxable turnover R2 000 + 3% of the amount above R300 000
- R500 001 – R750 000 of taxable turnover R8 000 + 5% of the amount above R500 000
- R750 001 and above of taxable turnover R20 500 + 7% of the amount above R750 000

Secondary tax on companies (STC)

STC is imposed at a rate of 10% of the net amount of dividends declared by resident companies. It is anticipated that STC will be replaced with a dividend tax on shareholders at a date to be announced in the future.