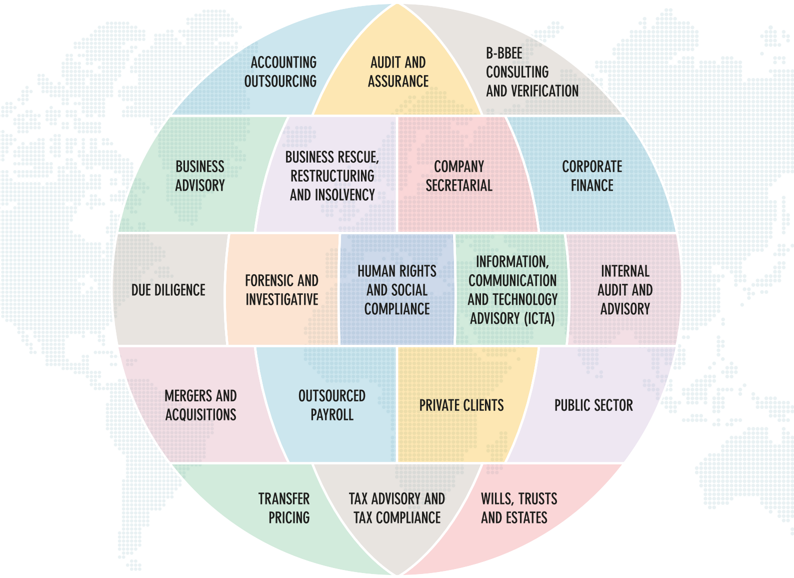
BUDGET 2017/2018

Strategising for growth

MAZARS

OUR SERVICES



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2017/2018 BUDGET HIGHLIGHTS

- New personal income tax bracket of 45% for taxable incomes above R1.5 million
- All rebates and taxable income bracket amounts, will be increased by 1 per cent from 1 March 2017
- Tax rate for trusts other than special trusts has been increased to 45%
- Dividend withholding tax rate increased to 20%
- The annual allowance for tax free savings accounts will be increased to R33 000
- Anti avoidance measures will be expanded to prevent taxpayers utilising companies as a conduit for low interest loans to trusts
- With respect to employer provided exempt bursaries, it is proposed to increase the income eligibility threshold for employees from R400 000 to R600 000, and the monetary limits for bursaries from R15 000 to R20 000 for education below NQF level 7, and from R40 000 to R60 000 for qualifications at NQF level 7 and above
- The exemptions from income tax for employees working outside South Africa for more than 183 days a year is to be narrowed to only apply where the income is subject to tax in the foreign country
- A 30c/litre increase in the general fuel levy
- A 9c/litre increase in the Road Accident Fund Levy
- The duty-free threshold on purchases of residential property will be increased from R750 000 to R900 000, effective 1 March 2017
- Sugar Tax to be implemented as soon as necessary legislation approved by Parliament
- A revised Carbon Tax Bill will be published for public consultation and tabled in Parliament by mid-2017
- Excise duties on alcoholic beverages and tobacco products will increase by between 6.1 per cent and 9 per cent

COMPARATIVE TAX RATES

CATEGORY	2016	2017	2018
NATURAL PERSONS			
Maximum marginal rate	41%	41%	45%
■ Reached at a taxable income	701 300	701 300	1 500 000
Minimum rate	18%	18%	18%
■ Up to taxable income of	181 900	188 000	189 880
■ CGT inclusion rate	33.3%	40.0%	40.0%
COMPANIES & CC's			
■ Normal tax rate	28%	28%	28%
■ Dividends Tax	15%	15%	20%
■ CGT inclusion rate	66.6%	80%	80%
TRUSTS (other than special trusts)			
■ Flat rate	41%	41%	45%
■ CGT inclusion rate	66.6%	80%	80%
SUNDRY			
■ Donations Tax	20%	20%	20%
■ Estate Duty	20%	20%	20%
SMALL BUSINESS CORPORATIONS			
Maximum marginal rate	28%	28%	28%
■ Reached at a taxable income	550 000	550 000	550 000
Minimum rate	0%	0%	0%
■ Up to a taxable income of	73 650	75 000	75 750
MICRO BUSINESS			
Max Rate of Tax	3%	3%	3%
■ On turnover of	750 000	750 000	750 000
Minimum Rate	0%	0%	0%
■ Up to a turnover of	335 000	335 000	335 000

NATURAL PERSON TAX RATES: 28 FEBRUARY 2018

TAXABLE INCOME	RATES OF TAX
R0 – R189 880	+ 18% of each R1
R189 881 – R296 540	R34 178 + 26% of the amount above R189 880
R296 541 – R410 460	R61 910 + 31% of the amount above R296 540
R410 461 – R555 600	R97 225 + 36% of the amount above R410 460
R555 601 – R708 310	R149 475 + 39% of the amount above R555 600
R708 311 – R1 500 000	R209 032 + 41% of the amount above R708 310
R1 500 001 and above	R533 625 + 45% of the amount above R1 500 000

NATURAL PERSON TAX RATES: 28 FEBRUARY 2017

TAXABLE INCOME	RATES OF TAX
R0 – R188 000	+ 18% of each R1
R188 001 – R293 600	R33 840 + 26% of the amount above R188 000
R293 601 – R406 400	R61 296 + 31% of the amount above R293 600
R406 401 – R550 100	R96 264 + 36% of the amount above R406 400
R550 101 – R701 300	R147 996 + 39% of the amount above R550 100
R701 301 and above	R206 964 + 41% of the amount above R701 300

NATURAL PERSON TAX RATES: 29 FEBRUARY 2016

TAXABLE INCOME	RATES OF TAX
R0 – R181 900	+ 18% of each R1
R181 901 – R284 100	R32 742 + 26% of the amount above R181 900
R284 101 – R393 200	R59 314 + 31% of the amount above R284 100
R393 201 – R550 100	R93 135 + 36% of the amount above R393 200
R550 101 – R701 300	R149 619 + 39% of the amount above R550 100
R701 301 and above	R208 587 + 41% of the amount above R701 300

Rebates: Natural persons	2016	2017	2018
Primary	R13 257	R13 500	R13 635
Secondary (Persons 65 and older)	R7 407	R7 407	R7 479
Tertiary (Persons 75 and older)	R2 466	R2 466	R2 493

Thresholds: Natural persons	2016	2017	2018
Below age 65	R73 650	R75 000	R75 750
Age 65 to below 75	R114 800	R116 150	R117 300
Age 75 and over	R128 500	R129 850	R131 150

Interest Exemption: Natural persons	2016	2017	2018
Below age 65	R23 800	R23 800	R23 800
Age 65 and above	R34 500	R34 500	R34 500

Travelling allowance for the tax year ending 2018

When a travel allowance has been received, the employee must determine the allowable deduction for business travel. There are two ways in which this could be done:

- Using actual business expenditure (The value of the vehicle is limited to R595 000 for purposes of calculating wear and tear, which must be spread over seven years, while finance costs are also limited to a debt of R595 000. For a leased vehicle the instalments in a year of assessment may not exceed the fixed cost component in the table), or
- Using a deemed cost per kilometre as per the following table:

WHERE THE VALUE OF THE VEHICLE IS (Including VAT) R	FIXED COST R p.a.	FUEL COST c/km	MAINTENANCE COST c/km
0 – 85 000	28 492	91.2	32.9
85 001 – 170 000	50 924	101.8	41.2
170 001 – 255 000	73 427	110.6	45.4
255 001 – 340 000	93 267	118.9	49.6
340 001 – 425 000	113 179	127.2	58.2
425 001 – 510 000	134 035	146.0	68.4
510 001 – 595 000	154 879	150.9	84.9
exceeding 595 000	154 879	150.9	84.9

Note: The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.

The actual distance travelled during a tax year and the distance travelled for business purposes substantiated by a log book are used to determine the costs which may be claimed against a travel allowance.

Employees' tax is based on 80% of the travel allowance. However, if the employer is satisfied that at least 80% of the use of a motor vehicle will be for business purposes, employees' tax may be based on 20% of the travel allowance.

When the following criteria are met, no employees' tax is payable on a reimbursive travel allowance paid by an employer to an employee:

Description	2016	2017	2018
Maximum distance travelled for business purposes per annum:	8 000	8 000	12 000
Maximum rate per kilometre paid (cents):	318	329	355

This alternative is not available if other compensation in the form of a travel allowance or reimbursement (other than for parking or toll fees) is received from the employer in respect of the vehicle. In such an instance the reimbursive travel allowance will be taxable and expenditure for business travel could be claimed in the same manner as with a normal travel allowance.

Right of use of motor vehicle

When an employee receives the right to use a motor vehicle the following provisions apply:

- Where the vehicle is owned by the employer, the taxable value is 3,5% of the determined value (Vehicles purchased before 1 March 2015: The cash cost including VAT; Vehicles purchased on/after 1 March 2015: Retail market value) per month of each vehicle. Where the vehicle is the subject of a maintenance plan at the time that the employer acquired the vehicle the taxable value is 3,25% of the determined value.
- Where the vehicle is rented by the employer, the monthly taxable value is equal to the actual costs incurred by the employer under the lease (rental and insurance for example) as well as the cost of fuel for the vehicle.
- 80% of the fringe benefit must be included in the employee's remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.

- On assessment the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business purposes substantiated by a log book divided by the actual distance travelled during the tax year.
- On assessment further relief is available for the cost of licence, insurance, maintenance and fuel for private travel if the full cost thereof has been borne by the employee and if the distance travelled for private purposes is substantiated by a log book.

Subsistence allowances and advances

Where an advance or allowance is received by an employee for meals and other incidental costs, he / she can deduct either:

- The amount actually spent (limited to the advance or allowance), or
- The daily amounts set out in the table below. These amounts can only be used where the employee is obliged to spend at least one night away from his/her usual place of residence on business. When the deemed amounts are used, the employee does not have to produce proof of the amounts spent and the allowance is not subject to employees' tax.

Cost	2016	2017	2018
Meals and incidental cost in South Africa	R353	R372	R397
Incidental cost only in South Africa	R109	R115	R122
Daily amount for travel outside South Africa	As per SARS website		

Residential accommodation

A benefit arises where an employee has been provided with residential accommodation.

The fringe benefit to be included in gross income is calculated in the following different ways, depending on the circumstances:

- Using a formula less the amount paid by the employee
- Using the lower of a formula or the cost borne by the employer less the amount paid by the employee

- When holiday accommodation has been provided, the fringe benefit will be the cost borne by the employer if the accommodation has been hired. Where the property is owned by the employer the fringe benefit will be the prevailing market rate per day at which the accommodation could normally be let.

Low-cost housing

No fringe benefit will arise if an employee acquires a house from their employers at a discount (i.e. at a price below market value) if the following requirements are met:

- The employee does not earn more than R250 000 in salary during the year of assessment in which the acquisition took place
- The market value of the property that is acquired may not exceed R450 000, and
- The employee may not be a connected person in relation to the employer

Interest-free or low-interest loans

The difference between interest charged at the official rate and the actual amount of interest charged on employee loans, is to be included in gross income.

Short-term loans granted at irregular intervals to employees are, however, exempted to the extent that it does not exceed R3 000.

Bursaries

Bursaries are exempt from tax where:

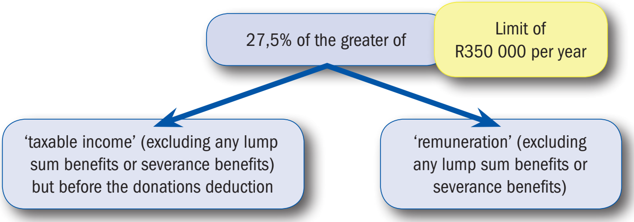
- the bursary is granted to an employee who agrees to reimburse the employer for the bursary if the employee fails to complete his studies for reasons other than death, ill-health or injury, or
- the bursary is granted to a relative of an employee that earns less than R400 000 per annum and to the extent that the bursary does not exceed R15 000 grade R to matric and R40 000 for further education.

Medical fund contributions

Medical fund contributions paid on behalf of an employee is a fringe benefit. As a result the employee is deemed to have made the payment to the scheme and may get a tax credit.

Contributions to pension, provident and retirement annuity funds

With effect 1 March 2016 the tax deduction for contributions made to pension funds, provident funds and retirement annuity funds is significantly amended. Please refer to previous year's tax guides for the tax treatment before 1 March 2016. From 1 March 2016 onwards, the tax deduction calculation for the three different funds, pension, provident and retirement annuity funds will be identical. The deduction will be limited to:



Excess contributions not allowed as deductions are carried forward to the following year of assessment. Contributions made by employers on behalf of employees would be a taxable fringe benefit in the hands of the employees but will also be regarded as a contribution made by the employee, therefore deductible in the hands of the employee subject to the above limitations.

Medical and disability expenses

All taxpayers are entitled to a monthly "tax rebate" (i.e. credit) in respect of any medical scheme contributions made for the benefit of themselves and their dependants as follows:

	2016	2017	2018
Taxpayer	R270	R286	R303
First dependant	R270	R286	R303
Per additional dependant	R181	R192	R204

For additional (e.g. out-of-pocket) medical expenses incurred by individual taxpayers, a tax rebate is available as follows:

- Where the taxpayer is 65 and older or where the taxpayer, taxpayer's spouse or child is a person with a disability: 33.3% of the value of the amount by which the aggregate of the medical scheme fees that exceed 3 × the standard medical scheme credits, and all qualifying medical expenses (other than medical scheme contributions)
- Other taxpayers: 25% of the value of the amount by which the aggregate of the medical scheme fees that exceed 4 × the standard medical scheme credits, and all qualifying medical expenses (other than medical scheme contributions), exceed 7.5% of the taxpayer's taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit including capital gains)

TAX FREE INVESTMENTS

Any amount received from a tax free investment is exempt from normal tax (this includes income on the investment as well as any profits arising on disposal of the investment). The following requirements must be met:

- Investment must be owned by a natural person or the deceased or insolvent estate of a natural person
- The investment must be a financial instrument or policy that is administered by any person or entity designated by the Minister of Finance
- Contributions to the investment must be made in cash and are limited to R33 000 per year and R500 000 in total (both in aggregate)

In the event where the R33 000 and R500 000 limits are exceeded, 40% of the excess investment is treated as normal tax payable (the income on the excess part of the investment is, however, still tax free).

Retirement fund lump sum withdrawal benefits

BENEFIT	RATES OF TAX
R0 – R25 000	0% of benefit
R25 001 – R660 000	18% of benefit above R25 000
R660 001 – R990 000	R114 300 + 27% of benefit above R660 000
R990 001 and above	R203 400 + 36% of benefit above R990 000

- tax determined by applying the tax table to the aggregate of that lump sum plus all other retirement fund lump sum withdrawal benefits accruing from March 2009 and all retirement fund lump sum benefits accruing from October 2007 plus severance benefits accrued from March 2011, less
- tax determined by applying the tax table to the aggregate of benefits mentioned above excluding lump sums withdrawals received for the year

Retirement fund lump sum benefits or severance benefits

BENEFIT	RATES OF TAX
R0 – R500 000	0% of benefit
R500 001 – R700 000	18% of benefit above R500 000
R700 001 – R1 050 000	R36 000 + 27% of benefit above R700 000
R1 050 001 and above	R130 500 + 36% of benefit above R1 050 000

- tax determined by applying the tax table to the aggregate of that lump sum plus all other retirement fund lump sum benefits accruing from October 2007 and all retirement fund lump sum withdrawal benefits accruing from March 2009 plus severance benefits accrued from March 2011, less
- tax determined by applying the tax table to the aggregate of benefits mentioned above excluding retirement lump sums and severance benefits received for the year

PROVISIONAL TAX

Provisional tax is payable by all taxpayers except natural persons if:

- That person does not derive any income from the carrying on of any business, and
- Taxable income of that person for the year of assessment will not exceed the tax threshold, or
- The taxable income of that person for the year of assessment which is derived from interest, foreign dividends and rental will not exceed R30 000

First provisional payment

The first payment is due six months before the end of the tax year. The payment must be based on the basic amount or a lower estimate approved by SARS.

Second provisional payment

The second payment is due on the last day of the tax year. The payment must be based on an estimate of the taxable income for the year. The following two tier model is in force:

- Taxable income less than R1 million – the estimate must be equal to the lesser of the basic amount or 90% of the actual taxable income
- Taxable income greater than R1 million – the estimate must be equal to at least 80% of the actual taxable income

Third Provisional payment

The third provisional payment is due six months after a taxpayer's year-end. In the case of a taxpayer with a February year-end, the "top-up" payment can be made by the end of September of every year.

Basic amount

The basic amount is computed as the taxable income (excluding capital gains and retirement fund lump sum benefits) of the latest preceding year of assessment issued by SARS more than 14 days before submission of the provisional tax return. The taxable income must be increased by 8% per annum if that assessment is more than 18 months old.

General provisions

Any Employee's remuneration is subject to monthly deductions referred to as **PAYE**. Apart from salaries, commission etc. the following income/payments are also subject to **PAYE**:

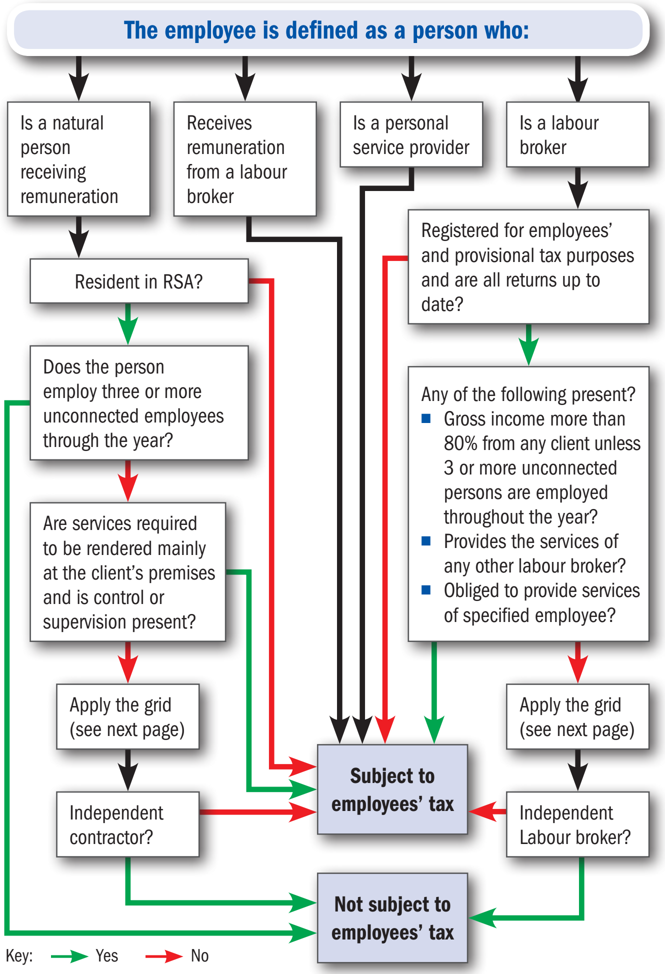
- 80% of any travel allowance reduced to 20% if the employer is satisfied that the employee travels at least 80% of the time for business
- Payments made to directors of private companies (including members of close corporations) in respect of services rendered
- Remuneration paid to labour brokers/personal service providers
- Annuities from Annuity Funds
- Payments to Personal Service Providers (PSP's)

See PSP process flow for more detail on entities that will be considered PSP's. A PSP is subject to employees' tax at the rate of 28% if it is a company and 45% if it is a trust. Expenses to be deducted by a PSP are also limited.

Directors of companies are subject to PAYE according to the same rules applying to other employees.

Part-time, casual and temporary employees are subject to PAYE at a flat rate of 25%.

Variable remuneration, such as overtime pay, bonus or commission accrue to the employee only on the date that it is paid. The employer is also only deemed to have incurred the variable remuneration on the date of payment.

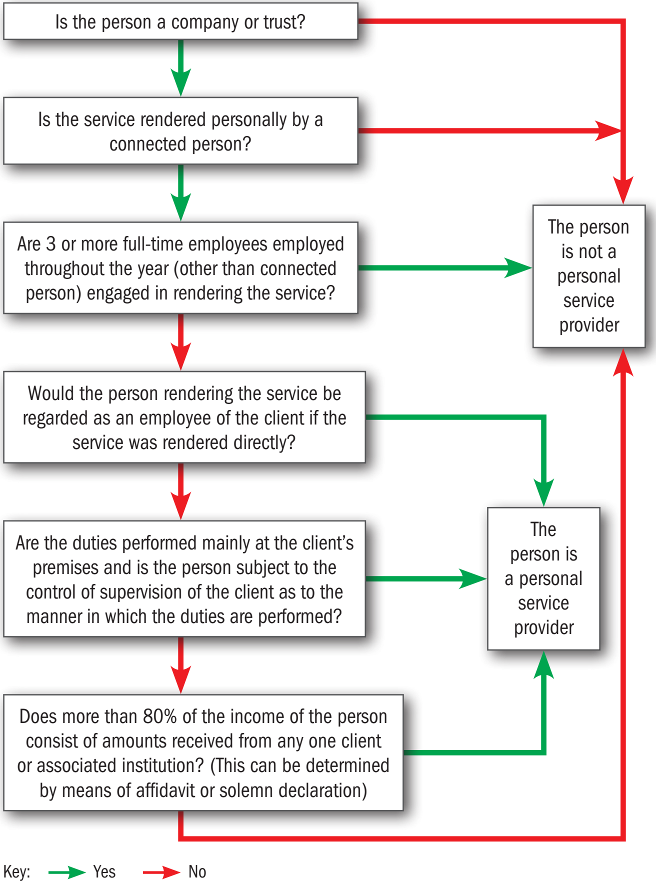

The employee is defined as a person who:
Is a natural person receiving remuneration
Receives remuneration from a labour broker
Is a personal service provider
Is a labour broker
Resident in RSA?
Registered for employees' and provisional tax purposes and are all returns up to date?
Does the person employ three or more unconnected employees through the year?
Any of the following present?
Gross income more than 80% from any client unless 3 or more unconnected persons are employed throughout the year?
Provides the services of any other labour broker?
Obliged to provide services of specified employee?
Are services required to be rendered mainly at the client's premises and is control or supervision present?
Apply the grid (see next page)
Apply the grid (see next page)
Subject to employees' tax
Independent contractor?
Independent Labour broker?
Not subject to employees' tax
Key: Yes No

Common law dominant impression test grid

	Indicator	Suggests employee status	Suggests independent contractor status
Near-conclusive	Control of manner of working	Employer instructs (has right to) which tools/equipment, or staff, or raw materials, or routines, patents, technology	Person chooses which tools/ equipment, or staff, or raw materials, or routines, patents, technology
	Payment regime	Payment by rate × time-period, but regardless of output or results	Payment by a rate × time-period but **with reference to results**, or payment by output or "**results in a time period**"
	Person who must render the service	Person obliged to be render service personally, hires & fires only with approval	Person, as employer, can delegate to, hire & fire own employees, or can subcontract
	Nature of obligation to work	Person obliges to be present, even if there is no work to be done	Person only present and performing work if actually required, and chooses to
	Employer (client) base	Person bound to an exclusive relationship with one employer (particularly for independent business test)	Person free to build a multiple concurrent client base (esp. if tries to build client base – advertises etc.)
	Risk/Profit & loss	Employer bears risk (pays despite poor performance/ slow markets) (particularly for independent business test)	Person bears risk (bad workmanship, price hikes, time over-runs)
Persuasive	Instructions/ Supervision	Employer instructs on location, what work, sequence of work etc. or has the right to do so	Person determines own work, sequence of work etc. Bound by contract terms, not orders as to what work, where, etc.
	Reports	Control through oral/written reports	Person not obliged to make reports
	Training	Employer controls by training the person in the employer's methods	Worker uses/trains in own methods
	Productive time (work hours, work week)	Controlled or set by employer/ person works full time or substantially so	At person's discretion

	Indicator	Suggests employee status	Suggests independent contractor status
Relevant	Tools, materials, stationery, etc.	Provides by employer, no contractual requirement that person provides	Contractually/necessarily provided by person
	Office/workshop, admin/ secretarial etc.	Provides by employer, no contractual requirement that person provides	Contractually/necessarily provided by person
	Integration/ Usual premises	Employer's usual business premises	Person's own/leased premises
	Integration/ Usual business operations	Person's service critical/integral part of employer's operations	Person's services are incidental to the employer's operations or success
	Integration/ Hierarchy & organogram	Person has a job designation, a position in the employer's hierarchy	Person designated by profession or trade, no position in the hierarchy
	Duration of relationship	Open ended/fixed term & renewable, ends on death of worker	Limited with regard to result, binds business **despite worker's death**
	Threat of termination/ Breach of contract	Employer may dismiss on notice (LRA equity aside), worker may resign at will (BCEA aside)	Employer in breach if it terminates prematurely. Person in breach if fails to deliver product/service
	Significant investment	Employer finances premises, tools, raw materials, training, etc.	Person finances premises, tools, raw materials, training, etc.
	Employee benefits	Especially if designed to reward loyalty	Person not eligible for benefits
	Bona fide expenses or statutory compliance	No business expenses, travel expenses and/or reimbursed by employer. Registered with trade/professional association	Over-heads built into contract prices. Registered under tax/ labour statutes & with trade professional association
	Viability on termination	Obliged to approach an employment agency of labour broker to obtain new work (particularly for independent business test)	Has other clients, continues trading. Was a labour broker or independent contractor before this contract
	Industry norms, customs	Militate against independent viability. Make it likely person is an employee	Will promote independent viability. Make it likely person is an independent contractor or labour broker

Personal service providers process flow



COMPANIES NORMAL TAXATION

Resident companies (excluding personal service provider)

For years of assessment ending during the following periods:	Tax rate
1 April 2005 – 31 March 2008	29%
From 1 April 2008	28%

Non-resident companies/Branch profits

For years of assessment ending during the following periods:	Tax rate
1 April 2008 – 31 March 2012	33%
From 1 April 2012	28%

Personal service provider companies

For years of assessment ending during the following periods:	Tax rate
1 April 2011 – 31 March 2012	33%
From 1 April 2012	28%

Combined tax rate of resident company (as a percentage)

	2016	2017	2018
Taxable income	100.00	100.00	100.00
Less: Normal tax	28.00	28.00	28.00
Available for distribution	72.00	72.00	72.00
Less: Dividend	72.00	72.00	72.00
Less: Dividends tax	10.80	10.80	14.40
Total tax	38.80	38.80	42.40
Combined rate	38.80	38.80	42.40

Note: Assumes all profits are declared as a dividend. Dividends Tax is the liability of the shareholder, while the normal tax is a company liability.

Tax rates

Tax rates applicable to trusts are as follows:

TYPE OF TRUST	INCOME TAX RATES	CAPITAL GAINS TAX INCLUSION RATE
Normal Trust	45%	80%
Special Trust	Same as those applicable to natural persons, except that the rebates and interest exemptions do not apply	40%

Note: A special trust is a trust created solely for the benefit of someone who suffers from a disability that prevents such person from earning sufficient income for their maintenance or from managing their own financial affairs. A special trust can also be created by way of a testamentary trust whereby relatives of the testator who are alive on the date of death are the beneficiaries. In order to qualify as a special trust, the youngest of the beneficiaries must, on the last day of the year of assessment of that trust, be under the age of 18 years.

Interest-free and low-interest loans to a trust

With effect 1 March 2017 loans made to a trust by

- a natural person, or
- at the instance of that person, a company in relation to which that person is a connected person, and where that person or company is a connected person in relation to the trust

the difference between the amount of interest incurred by the trust (if any, otherwise nil) and the interest that would have been incurred by that trust at the official rate of interest will be a continuing, annual donation for purposes of donations tax, made by the lender on the last day of the year of assessment of the trust

The following will be specifically excluded from the above donation provisions:

- special trusts that are created solely for the benefit of disabled persons
- trusts that fall under public benefit organisations
- vesting trusts (in respect of which the vesting rights and contributions of the beneficiaries are clearly established)
- loans used by the trusts to fund the acquisition of a primary residence
- loans that constitute affected transactions and are subject to transfer pricing provisions
- loans provided to the trust in terms of a sharia-compliant financing arrangement, or
- loans that are subject to dividends tax

The lender may utilise the annual donations tax exemption of R100 000 (or remaining portion if applicable) against this deemed donation.

No deduction, loss, allowance or capital loss may be claimed in respect of the reduction, waiver or other disposal of such a loan, advance or credit by the lender and will thus have no tax benefit for the lender.

Other anti-avoidance provisions

Anti-avoidance provisions exist to combat the use of trusts for income splitting and tax avoidance schemes. These provisions will normally be applicable where income accrues to a person other than the donor as a result of a donation, settlement or other disposition made (i.e. interest free loans). These provisions may apply where income accrues to the following persons:

- The donor's spouse
- A minor child of the donor
- The trust to whom the donation, settlement or other disposition has been made
- Non-residents

The result of the anti-avoidance provisions are that the income that accrues to the person's mentioned above are deemed to be the income of the donor.

SMALL BUSINESS CORPORATIONS

Year ending between 1 April 2017 and 31 March 2018	
R0 – R75 750	0% of taxable income
R75 751 – R365 000	7% of taxable income above R75 750
R365 001 – R550 000	R20 248 + 21% of taxable income above R365 000
R550 001 and above	R59 098 + 28% of taxable income above R550 000

Year ending between 1 April 2016 and 31 March 2017	
R0 – R75 000	0% of taxable income
R75 001 – R365 000	7% of taxable income above R75 000
R365 001 – R550 000	R20 300 + 21% of taxable income above R365 000
R550 001 and above	R59 150 + 28% of taxable income above R550 000

A small business corporation is a close corporation, private company (other than a personal service provider) or personal liability company of which:

- the entire shareholding or membership is held by natural persons for the entire year of assessment
- the gross income does not exceed R20 million during the year of assessment
- none of the members/shareholders, at any time during the year of assessment, held shares in any other company other than listed companies, collective investment schemes, body corporates, shareblock companies, certain associations of persons, friendly societies, less than 5% interest in cooperatives, venture capital company, shares in private companies that are inactive and have assets of less than R5 000 or have taken steps to liquidate, wind-up or deregister
- not more than 20% of the sum of gross income and capital gains consists of investment income and income from the provision of personal services
- if engaged in the provision of personal services, maintains at least three full-time employees (none of whom may be a shareholder or a connected person in relation to the shareholder) for core operations

TURNOVER TAX FOR MICRO BUSINESSES

Financial years ending on any date between 1 March 2017 and 28 February 2018

TAXABLE TURNOVER	RATES OF TAX
R0 – R335 000	0%
R335 001 – R500 000	1% of the amount above R335 000
R500 001 – R750 000	R1 650 + 2% of the amount above R500 000
R750 001 – R1 000 000	R6 650 + 3% of the amount above R750 000

Financial years ending on any date between 1 March 2016 and 28 February 2017

TAXABLE TURNOVER	RATES OF TAX
R0 – R335 000	0%
R335 001 – R500 000	1% of the amount above R335 000
R500 001 – R750 000	R1 650 + 2% of the amount above R500 000
R750 001 – R1 000 000	R6 650 + 3% of the amount above R750 000

Turnover tax for micro businesses is a simplified turnover-based tax system substituting income tax and Capital Gains Tax. A micro business may voluntarily register for VAT. Turnover tax is an elective tax applicable to sole proprietors, partnerships and companies that meet certain criteria and have a turnover of less than R1 million per year.

A micro business may only voluntarily exit the turnover tax system before the beginning of a year of assessment.

PUBLIC BENEFIT ORGANISATIONS (PBO)

In order to qualify as a PBO an entity needs to have as its main object the carrying out of one or more public benefit activities in a non-profit manner substantially in South Africa. These activities need to qualify in one or more of the following categories:

- **welfare and humanitarian**
- **health care**
- **land and housing**
- **education and development**
- **conservation, environment and animal welfare**
- religion, belief or philosophy
- cultural
- research and consumer rights
- sport
- providing funds, assets or other resources
- support services to other PBO's
- hosting certain international events

Note: Only the activities in bold qualify for section 18A status.

Donations to approved public benefit organisations are exempt from donations tax and deductable for income tax as follows if section 18A status has been approved:

- Company donations limited to 10% of taxable income
- Individual donations limited to 10% of taxable income excluding any retirement fund lump sum benefits
- Any excess above the 10% cap above may be rolled over to subsequent years

DIVIDENDS TAX

Dividends tax is a tax levied on the shareholder at a rate of 20% (15% prior to 22 February 2017) on dividends paid. However, where a dividend in specie is paid, dividends tax is a tax levied on the company declaring the dividend. Dividends tax is normally withheld by the company paying the dividend and is payable at the end of the month following the month in which the dividend was paid.

Dividends tax exemptions

A dividend is exempt from dividends tax if the dividend is not a dividend in specie and the beneficial owner is:

- A SA company
- The Government and various quasi government institutions
- Public Benefit Organisations
- Environmental rehabilitation trusts
- Pension, provident and similar funds
- Medical Schemes
- A shareholder in a registered micro business (only the first R200 000 of dividends paid during a particular year of assessment)
- A non-resident and the dividend is paid by a South African Listed non-resident company

Where the dividend comprises of a dividend in specie, the following exemptions are applicable:

- The same exemptions as above subject to the beneficial owner submitting a declaration and written undertaking
- Where the beneficial owner forms part of the same group of companies

Loans to connected persons

Dividends tax will be calculated as 20% of the difference between the official rate of interest in respect of the debt and the amount of interest payable in respect of the debt. Where the official rate of interest on the debt does not exceed the actual interest payable on the debt, the value of the deemed dividend is deemed to be nil. Dividends tax on a loan to a connected person is regarding is a *dividend in specie* and as such the liability of the company and not the shareholder.

The First schedule of the Income Tax Act regulates farming taxes. The most important sections are:

Valuation of livestock and produce

Only livestock and produce need to be brought into account at year-end and not consumables like seed, fertiliser, fuel etc. Produce is valued at the lowest of average cost of production or market value. Livestock can be valued at standard values or the farmer may elect his own values which may not differ more than 20% of standard values (once a value has chosen, it must be used consistently).

Purchases of livestock cannot create a loss because of using standard values. This gross loss must be carried forward to the next year. See www.sars.gov.za for the standard values.

Capital development expenditure

The following capital development expenditure may be deducted in full: Eradication of noxious plants, alien invasive plants and prevention of soil erosion.

The following capital development expenditure is restricted to taxable income from farming: dipping tanks, dams, irrigation schemes, boreholes and pumping plants, fences, additions/erection of/extensions and improvements to farm buildings, costs of establishing the area for and the planting of trees, shrubs and perennial plants, building of roads and bridges for farming operations, carrying of electric power from main power lines to farm machinery and equipment.

Special depreciation allowance

Machinery, implements, utensils and articles for farming purposes are written off over three years on a 50:30:20 basis.

Rating formula

Because a farmer's income fluctuates from year to year, an individual farmer may elect to be taxed in accordance with a rating formula in terms of special provisions.

Persons subject to CGT

CGT is payable on capital gains that arise after 1 October 2001 by the following persons:

- Residents are subject to CGT on all assets including overseas assets
- Non-residents are subject to CGT on immovable property or any right or interest in a property situated in South Africa and any asset of a permanent establishment through which a trade is carried on in South Africa

Note: Any right or interest in a property includes a direct or indirect interest of at least 20% held alone or together with any connected person in the equity share capital of a company, where at least 80% of the value of the net assets of the company is, at the time of the disposal, attributable to immovable property in South Africa.

Exclusions

The following are the main exclusions from CGT:

- Primary residences with capital gains up to R2 million
- Personal use assets
- Retirement benefits
- Long-term assurance
- Small business assets with capital gains up to R1.8 million (applicable when a person is over the age of 55 where the maximum market value of the small business assets does not exceed R10 million)
- Annual exclusion for natural persons: R40 000
- Annual exclusion on death for natural persons: R300 000

Calculation and inclusion rates

A capital gain or loss is calculated separately in respect of each asset disposed. Once determined, gains or losses are combined for that year of assessment and if it is:

- an assessed capital loss, it is carried forward to the following year, or

- a net capital gain, it is multiplied by the inclusion rate and included in taxable income

The inclusion rates are as follows:

PERSON	2017	2018
Natural person and special trust	40%	40%
Company	80%*	80%*
Trust	80%	80%

* The company inclusion rate applies for years of assessment starting after 1 March 2016.

Withholding tax

The purchaser must withhold CGT on the purchase price where assets are purchased from a non-resident except where the amount payable by the purchaser is less than R2 million. The following withholding tax rates are applicable and are based on the proceeds on disposal:

NON-RESIDENT SELLER	2017	2018
Natural person	5%	7.5%
Company	7.5%	10%
Trust	10%	15%

WITHHOLDING TAX (OTHER)

Royalties

A withholding tax of 15% is payable when royalties from a South African source are paid to non-residents, subject to certain exemptions.

Interest

A withholding tax of 15% is payable when interest from a South African source are paid to non-residents, subject to certain exemptions.

VALUE-ADDED TAX (VAT)

The VAT system comprises of three types of supplies:

- Standard-rated supplies – supplies of goods and services subject to the VAT rate in force at the time of supply (currently 14%)
- Exempt supplies – supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input VAT credits
- Zero-rated supplies – supplies of certain goods or services subject to VAT at zero percent. Vendors making zero-rated supplies are entitled to input VAT credits

Key features

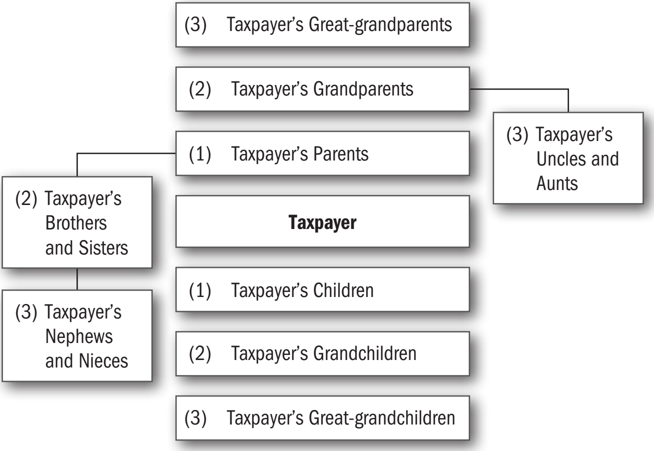
- Enterprises with a turnover of less than R1 000 000 in any period of 12 months are not obliged to register for VAT
- Enterprises with a turnover of less than R50 000 in any period of 12 months are not permitted to register for VAT
- VAT returns are generally submitted on a two monthly basis unless turnover in any period of 12 months exceeds R30 million, in which case returns are submitted monthly
- Farmers may submit VAT returns on a six monthly basis as long as their turnover does not exceed R1.5 million and property letting companies and trusts may, subject to certain requirements, submit annual VAT returns
- Vendors may reclaim the VAT element on expenditure incurred for the purpose of making taxable VAT supplies except on:
  - entertainment, excluding qualifying subsistence
  - passenger vehicles (including hiring)
  - club subscriptions
- Input tax credits may not be claimed on expenditure relating to exempt supplies
- Input tax credits may only be claimed upon receipt of a valid tax invoice
- In order to be a valid tax invoice the name, address and VAT registration number of the recipient and supplier must appear on tax invoices where the VAT inclusive total exceeds R5 000

CONNECTED PERSON DEFINITION FOR INCOME TAX

Type of taxpayer	Connected persons in relation to the taxpayer
Natural person	■ a relative to the third degree – see diagram for guidance on the meaning of relative ■ a trust of which the natural person or the relative is a beneficiary
Trust	■ any beneficiary of the trust ■ any connected person in relation to a beneficiary
Connected person in relation to a trust	■ any other person who is a connected person in relation to the trust
Members of a partnership or foreign partnership	■ any other member ■ any connected person in relation to any member of the partnership or foreign partnership
Company	■ any other company in the same group of companies, where a group of companies consists of a controlling group company that: ◆ directly holds more than 50% of the equity shares or voting rights in at least one controlled group company, and ◆ directly or indirectly holds more than 50% of the equity shares in or voting rights in each controlled group company ■ any person (but excluding companies) who individually or jointly with that person's connected persons holds 20% or more of a company's equity shares or voting rights ■ any company who holds 20% or more of a company's equity shares or voting rights (but only if no other holder of shares holds the majority of voting rights in the company)

Type of taxpayer	Connected persons in relation to the taxpayer
	■ any other company, if the company is managed or controlled by a connected person (or his connected person) ■ any other company that would be part of the same group of companies according to the definition of 'group of companies'
Close corporation	■ any member ■ any relative of the member or trust that is a connected person in relation to a member ■ any other close corporation which is a connected person to one of the members, or relative or connected trust

Diagram illustrating the rule for determining persons who are related within the third degree of consanguinity



CAPITAL INCENTIVE ALLOWANCES

ASSET TYPE	CONDITIONS FOR ANNUAL ALLOWANCES	ANNUAL ALLOWANCES
Industrial Buildings	Cost of buildings or improvements, provided building is used wholly or mainly for carrying on a process of manufacture or similar process	Either 2%,5%, or 10% depending on date cost incurred
Commercial & Residential Buildings in Designated Urban Areas	Refurbishment of existing building (excluding low-cost residential units)	20%
	Construction of new building and extension to existing buildings (excluding low-cost residential units)	20% in 1st year 8% in each of 10 subsequent years
	Low-cost residential units: New buildings or extension/additions to existing buildings where taxpayer incurs the cost	Year 1: 25% of the cost Year 2 – 6: 13% of the cost Year 7: 10% of the cost
	Low-cost residential units: Improvements to existing buildings where the existing structure is preserved and where taxpayer incurs the cost	Year 1: 25% of the cost Year 2 – 4: 25% of the cost
	Low-cost residential units: New buildings or extension/additions to existing buildings where taxpayer purchased building from developer	Year 1: 55% × 25% of the cost Year 2 – 6: 55% × 13% of the cost Year 7: 55% × 10% of the cost
	Low-cost residential units: Improvements to existing buildings where the existing structure is preserved and where taxpayer purchased building from developer	Year 1: 30% × 25% of the cost Year 2 – 4: 30% × 25% of the cost
Hotel Buildings	Cost of portion of building or improvements used	5%
	Improvements that do not extent the exterior framework of the building	20%

ASSET TYPE	CONDITIONS FOR ANNUAL ALLOWANCES	ANNUAL ALLOWANCES
Commercial Buildings	Cost of erecting any new and unused building as well as new and unused improvements wholly or mainly used for the purpose of producing income in the course of trade	5%
	Taxpayer acquires part of a building that is new and unused wholly or mainly to be used for producing income in the course of trade	55% × 5% of the cost
	Taxpayer acquires part of a building that has new and unused improvements to be wholly or mainly used for producing income	30% × 5% of the improvement
Aircraft & Ships	Must be used for purposes of trade	20%
Plant & Machinery	New or unused manufacturing assets	40% in 1st year 20% in each of the 3 subsequent years
Plant & machinery	New and unused plant or machinery used by the taxpayer directly in a process of manufacture by a Small Business Corporation	100% of cost
Renewable Energy – Machinery	Small scale embedded solar photovoltaic renewable energy with generation capacity not exceeding 1000 kW	100% of cost
– Supporting Infrastructure	Road & fences where the electricity production will exceed 5 MW	100% of cost
Residential Units – at least five units must be owned	New & unused units, erected or improved, situated in South Africa, owned & used by the taxpayer for the purposes of a trade he carries on.	Normal Unit 5% Low Cost unit 10%*
	New & unused units acquired, situated in South Africa, used by the taxpayer for the purpose of a trade he carries on	Normal unit 55% × 5% Low cost unit 55% × 10%
	Unit acquired with a new and unused improvement, situated in South Africa, used by the taxpayer for the purpose of a trade he carries on	Normal unit 30% × 5% Low cost unit 30% × 10%

*a building not exceeding cost of R300 000 or an apartment not exceeding a cost of R350 000

Residents are taxed on their worldwide income, subject to certain exclusions.

Definition of resident

Natural Person (see flowchart further in this guide)

- any natural person who is ordinarily resident in South Africa, or
- any natural person who is not ordinarily resident in South Africa but who:
  - is physically present in South Africa for a period exceeding 91 days in aggregate during the current year of assessment and for a period exceeding 91 days in aggregate during each of the prior five years of assessment; and was physically present in South Africa for a period exceeding 915 days in aggregate during the previous five years of assessments.
  - Where a person has been outside of South Africa for a continuous period of at least 330 full days after he ceases to be physically present in South Africa, he will be deemed to not have been resident from then.
  - South African resident employees who render services for any employer outside South Africa for a period which in aggregate exceeds 183 full days commencing on or ending during a period of assessment, and for a continuous period exceeding 60 full days during such 183 day period, will not be liable for income tax on their remuneration for that period.

Companies and Trusts

A company and Trust will be considered to be resident for tax purposes if it is incorporated, established, formed or has its place of effective management in South Africa.

Controlled Foreign Companies (CFC)

A Controlled Foreign Company (CFC) means any foreign company where more than 50% of the total participation rights or voting rights are directly or indirectly exercisable by one or more residents. South African residents must impute all income of a CFC in the same ratio as the participation rights of the resident in such a CFC, subject to a number of exclusions. Net income of the CFC is defined as the CFC's taxable income determined as if the CFC is a South African taxpayer.

Foreign dividends (including deemed dividends)

Foreign Dividends received from a non-resident company are taxable.

Foreign dividends are, however, exempt as follows:

- If received by a resident who holds at least 10% of the equity shares in the foreign company
- The shareholder is a company which is in the same country as the foreign company paying the dividend
- If declared by a company listed on the SA stock exchange
- If paid out of the profits of a foreign company if the profits of the foreign company have been included in the South African shareholder's income in terms of the CFC provisions

Where a foreign dividend is not exempt in terms of the provisions above the following part of a foreign dividend will be exempt from tax:

- Individuals and trusts: 26/41 or 63% of the foreign dividend received*
- Companies: 13/28 or 46% of the foreign dividend received*

***Note:** It is proposed that the above exemption will be adjusted with effect 1 March 2017 to be in line with the new dividends tax rate of 20%.

No deduction will be granted for any expenditure incurred in the production of income in the form of foreign dividends.

Foreign tax credits

Residents are allowed to deduct all foreign taxes paid in respect of foreign source income from the tax payable in South Africa on such foreign income. Any excess credits may be carried forward.

Where foreign tax is withheld on South African source income, the taxpayer can claim a deduction against income.

Non-residents may invest in the Republic, provided that suitable documentary evidence is received in order to ensure that such transactions are concluded at arm's length, at fair market-related prices, and are financed in an approved manner.

Financial assistance in South Africa

- Emigrants: local financial assistance made available to emigrants is subject to the 1:1 ratio.
- Non-residents: authorised dealers may grant or authorise local financial assistance facilities to non-residents in respect of bona fide foreign direct investments into South Africa without restrictions. Where the funds are required for the acquisition of residential property or other financial transactions, the 1:1 ratio will apply.
- Affected persons (i.e. where non-residents directly or indirectly own 75% or more of an entity): there is no restriction on the amount that could be borrowed locally in instances where an affected person wishes to borrow locally to finance a foreign direct investment into South Africa or for domestic working capital requirements. Wholly non-resident owned subsidiaries may borrow locally up to 100% of the total shareholders' investment, in respect of the acquisition of residential property and or other financial transactions. The effect of local participation in non-resident controlled entities is to make the abovementioned norms more liberal the greater the local participation, i.e. the ability to borrow locally increases. This is based on a formula.

Loans from non-resident shareholders to residents

Applications for proposed borrowing abroad by residents must be referred to the Financial Surveillance Department for approval.

Capital transactions

Proceeds from the sale of assets in South Africa, may be remitted abroad. Proceeds on the sale of assets by emigrants will be subject to the blocked account provisions.

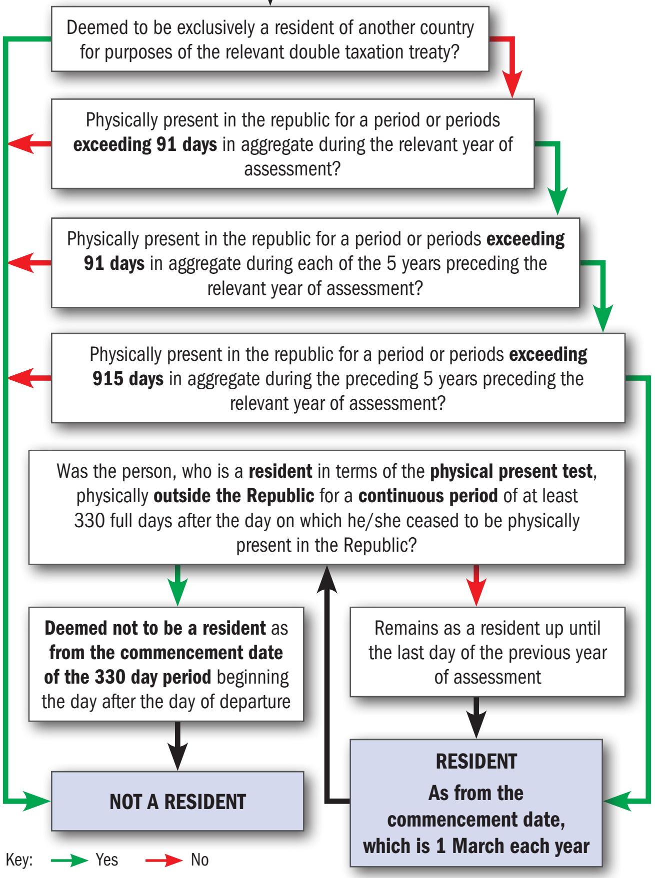
Dividend payments to non-residents

Dividends declared by companies are remittable to non-resident shareholders in proportion to percentage shareholdings, subject to certain restrictions if the dividend is declared by an affected person who has local financial assistance. An emigrant shareholder will be entitled to dividends declared out of income earned from normal trading activities after the date of emigration. Non-listed companies have additional requirements to be met in order to transfer such dividends. Dividends declared out of capital gains, or out of income earned from normal trading activities prior to the date of emigration, remain subject to the blocked account provisions.

Director fee payments to non-residents

Authorised dealers may transfer director's fees to non-resident directors permanently domiciled outside South Africa, provided the application is accompanied by a copy of the resolution of the board of the remitting company, confirming the amount to be paid to the beneficiary.

Physical presence test for a person not ordinarily resident:



Average exchange rates for a year of assessment

Year of assessment for the 12 months ending:	Australian Dollar	Canadian Dollar	Euro	Hong Kong Dollar	Indian Rupee	Japanese Yen	Swiss Franc	UK Pound	US Dollar
January 2016	9.7485	10.1265	14.5057	1.6959	0.2033	0.1088	13.5697	19.9977	13.1519
February 2016	9.9345	10.3070	14.8684	1.7404	0.2070	0.1121	13.8615	20.4005	13.5013
March 2016	10.1184	10.4795	15.2048	1.7764	0.2101	0.1151	14.1405	20.7205	13.7811
April 2016	10.2796	10.6184	15.5088	1.8045	0.2124	0.1179	14.3661	20.9684	13.9996
May 2016	10.4271	10.7874	15.8429	1.8406	0.2159	0.1213	14.6048	21.2854	14.2818
June 2016	10.5651	10.9316	16.1033	1.8701	0.2185	0.1249	14.7975	21.4746	14.5114
July 2016	10.7007	11.0453	16.2915	1.8912	0.2201	0.1281	14.9325	21.4409	14.6757
August 2016	10.7901	11.1087	16.3761	1.8999	0.2207	0.1306	15.0008	21.2620	14.7443
September 2016	10.8772	11.1469	16.4129	1.9044	0.2211	0.1327	15.0344	21.0594	14.7801
October 2016	10.9511	11.1636	16.4301	1.9091	0.2212	0.1345	15.0499	20.7689	14.8171
November 2016	10.9838	11.1388	16.4191	1.9067	0.2205	0.1356	15.0474	20.4204	14.7996
December 2016	Rates not available as at date of publication								

Foreign capital investments

Resident individuals who are over 18 and tax payers in good standing are permitted to invest abroad. The current limit is R10 000 000 per person per calendar year. Applications by individuals to invest in fixed property and other investments will also be considered in addition to the foreign capital allowance.

Single discretionary allowance
(in addition to foreign capital allowance)

Residents over the age of 18 years may be permitted a single allowance within an overall limit of R1 000 000 per individual per calendar year, without the requirement to obtain a Tax Clearance Certificate, to cover the following discretionary allowances (w.e.f. 1/4/15 to cover use for any legal purpose):

- monetary gifts and loans
- donations to missionaries
- maintenance transfers
- travel allowance (minors entitled to an annual allowance of R200 000)
- study allowance

Study allowances

The direct costs of study may be transferred directly to the institution. Should a spouse accompany a student, a discretionary allowance may be accorded to the spouse. Household and personal effects, including jewellery (but excluding motor vehicles), up to a value of R200 000 per student may be exported.

Emigration limits

Foreign Capital Allowance (reduced by foreign capital investments)

Single Person – R10 000 000
Family Unit – R20 000 000

Household & Personal Effects, Motor Vehicles, Stamps, Coins & Kruger Rands

R2 million can be transferred.

The general rule is that if the taxpayer is ordinarily resident in the Republic at the time of death, all of his assets (including deemed property), wherever they are situated, will be included in the gross value of his estate for the determination of duty payable thereon. Estate duty is currently levied at 20% on the dutiable estate.

Deemed property includes insurance policies on the life of the deceased, claims in terms of the matrimonial property act as well as property that the deceased was competent to dispose of immediately prior to his death.

The most important deductions are:

- Debts due at date of death
- Bequests to various charities
- Bequests to a surviving spouse

The Act allows for a R3.5m estate duty abatement. This abatement could rollover from the deceased to a surviving spouse, so that the surviving spouse can use a R7m abatement on death. The portability of the deduction will apply to the extent that the first dying spouse did not use the whole abatement.

There is relief from Estate Duty in the case of the same property being included in the estates of taxpayers dying within ten years of each other. The deduction is calculated on a sliding scale varying from 100% where the taxpayers die within two years of each other and 20% where the deaths are within eight to ten years of each other.

Executor's remuneration

An executor is entitled to the following remuneration:

- The remuneration fixed by deceased in the will, or
- 3.5% of gross assets
- 6% on income accrued and collected from date of death

Executor's remuneration is subject to VAT where the executor is registered as a vendor.

DONATIONS TAX

Donations Tax is payable by any South African resident. The donations tax provisions do not apply to non-residents even if they donate South African assets. Donations tax is payable on the value of any gratuitous disposal of property (including the disposal of property for inadequate consideration) and the renunciation of rights.

Principal exemptions

- Donations between spouses
- Donations to charitable, ecclesiastical and educational institutions, and certain public bodies in the Republic of South Africa (limited to certain thresholds)
- Donations by natural persons not exceeding R100 000 per year
- The donation of assets situated outside the Republic, subject to certain conditions
- Donations by companies not considered to be public companies up to R10 000 per annum
- Donations where the donee will not benefit until the death of the donor
- Donations made by companies which are recognised as public companies for tax purposes
- Donations cancelled within six months of the effective date
- Property disposed of under and in pursuance of any trust
- Donations between companies forming part of the same group of companies
- Reasonable bona fide contributions to the maintenance of individuals

Rates

Donations tax is payable at the end of the month following the month in which the donation was made at a flat rate of 20%.

Carbon tax

The potential use of carbon offsets as a cost effective mechanism to reduce greenhouse gas emissions and taxpayer's carbon tax liabilities is still being proposed. The tax design seeks to minimise potential adverse effects on low income household's and industry competitiveness. The draft Carbon Tax Bill was published in November 2015. A revised Carbon Tax Bill will be published for public consultation and tabled in Parliament by mid-2017.

Tyre levy

A tyre levy was implemented with effect 1 February 2017 at a rate of R2.30/kg, through the Customs and Excise Act and collected by SARS. This replaces the existing environmental fee arrangements per the Department of Environmental Affairs regulations.

"Environmental" deductions/allowances

- Section 12B   Deduction in respect of certain machinery, plant, implements, utensils and articles used in farming or production of renewable energy
- Section 37B   Deductions in respect of environmental expenditure
- Section 37C   Deductions in respect of environmental conservation
- Section 11D   Deduction for research and development costs
- Section 12K   Exemption for Certified Emission Reductions
- Section 12L   Special Allowance for Energy Efficiency Savings
- Section 12U   Allowance for renewable energy supporting structures

Tax allowance for energy-efficiency savings

The energy-efficiency savings tax incentive is calculated at a rate of 95c/kWh and also applies to cogeneration projects. The Regulation stipulates that any company holding a certificate that can prove their energy savings are genuine, can submit the certificate to claim an allowance from SARS. The allowance is as contemplated in Section 12L (2) of the Income Tax Act, 1962.

RING-FENCING OF ASSESSED LOSSES

Assessed losses incurred by natural persons from trades could be ring-fenced, and might not be available for set-off against other income.

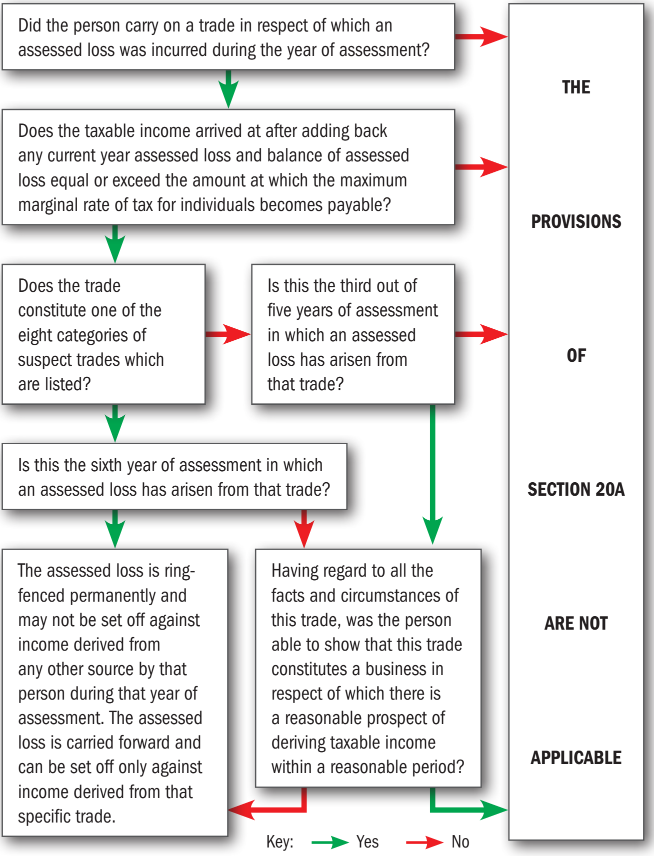
These restrictions apply to an individual whose taxable income is at the maximum marginal rate of tax, before setting off any assessed loss or balance of assessed loss.

For the restrictions to apply the person must have incurred an assessed loss from the secondary trade in at least three out of the last five years, or have carried on any of the following trades:

- any sport practised by that person or any relative
- any dealing in collectibles by that person or any relative
- the rental of residential accommodation, unless at least 80% of the residential accommodation is used by persons who are not relatives of that person for at least half of the year of assessment
- the rental of vehicles, aircraft or boats as defined in the Eighth Schedule, unless at least 80% of the vehicles, aircraft or boats are used by persons who are not relatives of that person for at least half of the year of assessment
- animal showing by that person or any relative
- farming or animal breeding, unless that person carries on farming, animal breeding or activities of a similar nature on a full-time basis
- any form of performing or creative arts practised by that person or any relative, or
- any form of gambling or betting practised by that person or any relative

These provisions do not apply in respect of an assessed loss incurred by a person during any year of assessment from carrying on any trade as contemplated above, where that trade constitutes a business in respect of which there is a reasonable prospect of deriving taxable income (other than taxable capital gain) within a reasonable period. Where these losses have been incurred for at least six years out of the preceding ten years then such concession will not apply except for farming.

Checklist (flowchart) for the application of the ring-fencing provisions



Restraint of trade

Restraint of trade payments that are taxable in the hands of individuals, labour brokers and personal service providers are deductible by the payer over three years if the period of the restraint is less than three years, or over the period of the restraint if longer.

Leasehold improvements

Improvements made to leasehold property in terms of a lease agreement by the lessee must be included in the income of the lessor. Either the stipulated amount or a fair and reasonable value will be included.

The lessee may deduct such expenditure over the period of the lease. The lessor may be entitled to discount the value of the improvements over the period of the lease or 25 years, whichever is the shorter.

Pre-trade expenditure

Expenditure which would normally be deductible from income, actually incurred prior to the commencement and in connection with a specific trade, can be deducted from the income of that trade. The deduction is restricted to the income from that trade and may not be set off against the income from a different trade.

Research and Development

Research and development expenditure may qualify for incentive allowances whereby 150% of the operating expenses are deductible.

Certain requirements must, however, be met, including the Department of Science and Technology's approval of the deduction.

SUNDRY TAXES

Securities Transfer Tax

The tax is imposed at a rate of 0.25% on the transfer of listed or unlisted securities. No tax is payable on the original issue of shares. Securities consist of shares in companies or member's interests in close corporations.

Skills Development Levy

A Skills Development Levy is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers paying annual remuneration of less than R500 000 are exempt from the payment of the levy.

Unemployment Insurance Fund Contributions

Unemployment Insurance Fund Contributions are payable monthly by employers on the basis of a contribution of 1% by employers and 1% by employees, based on employees' remuneration below R14 872 per month.

Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

EMPLOYMENT TAX INCENTIVE

The employment tax incentive was instituted in order to encourage employment creation for the youth (i.e. employees between the ages of 18 and 29 years) and the incentive will come to an end on 28 February 2019.

If an employer is eligible to receive the employment tax incentive in respect of a qualifying employee in respect of a month, that employer may reduce the employees' tax payable by that employer with the amount of the incentive.

The main requirements to qualify for this incentive are as follows:

- The taxpayer must be registered for the purposes of the withholding and payment of employees' tax

- The wage paid to an employee may not be less than the amount payable by virtue of a wage regulating measure applicable to that employer (i.e. a minimum wage) or if the amount of the wage payable to an employee is not subject to any wage regulating measure, the amount of R2 000 per month if the employee is employed for more than 160 hours in the month (if the employee is employed for less than 160 hours in a month and is paid remuneration in respect of those hours a percentage of R2 000 must be used)
- An employee is a qualifying employee if the employee:
  - is not an independent contractor
  - is not less than 18 years old and not more than 29 years old at the end of any month in respect of which the employment tax incentive is claimed
  - was not employed by the employer before 1 October 2013
  - is in possession of an identity card or is in possession of an asylum seeker permit
  - in relation to the employer, is not a connected person
  - is not a domestic worker
  - does not earn more than R6 000 per month

The Minister of Finance designated special economic zones and industries in respect which an employer will also qualify for the incentive.

The amount of the employment tax incentive in respect of a qualifying employee is determined as follows:

- During each month of the first 12 months, 50% of the monthly remuneration of the employee if the employee's remuneration is less than R2 000, R1 000 if the employee's remuneration is R2 000 or more but less than R4 000 and according to a formula if the employee's remuneration is R4 000 or more but less than R6 000.
- During each of the 12 months after the first 12 months that the same employer employs the qualifying employee, 25% of the monthly remuneration of the employee if the employee's remuneration is less than R2 000, R500 if the employee's remuneration is R2 000 or more but less than R4 000 and according to a formula if the employee's remuneration is R4 000 or more but less than R6 000.

LEARNERSHIP ALLOWANCES

An annual and completion allowance of R40 000 may be claimed by the taxpayer for learnerships NQF qualifications from levels 1 to 6, and R20 000 for learnerships NQF qualifications from levels 7 to 10. The deduction claimable for disabled learners is R60 000 or R50 000 for both annual and completion allowances.

Where a learnership is terminated before a period of 12 full months the employer will be entitled to a pro rata portion of the annual allowance, regardless of the reason for the termination of the learnership. The completion allowance for a learnership of 24 months or more will be based on the number of consecutive 12 month periods completed × the above annual allowance amount.

TRANSFER DUTY ON IMMOVABLE PROPERTY

- Calculated on the value of immovable property
- Payable within six months after the transaction is entered into
- Exemptions apply with the most notable when the seller is a VAT vendor
- Where a VAT vendor purchases property from a non-vendor, the notional input tax is calculated by multiplying the tax fraction (presently 14/114) by the lesser of the consideration paid or market value
- The acquisition of a contingent right in a trust that holds a residential property or the shares in a company or the member's interest in a close corporation, which owns residential property, comprising more than 50% of its assets, is subject to transfer duty at the applicable rate

Transfer duty is calculated as follows:	
R0 – R900 000	0%
R900 001 – R1 250 000	3% of the value over R900 000
R1 250 001 – R1 750 000	R10 500 + 6% of the value over R 1 250 000
R1 750 001 – R2 250 000	R40 500 + 8% of the value over R 1 750 000
R2 250 001 – R10 000 000	R80 500 +11% of the value over R2 250 000
R10 000 001 +	R933 000 + 13% of the value over R10 000 000

Income tax returns

	Individual	Company	Trust
Submitting tax returns manually	September	N/a	September
Non-provisional taxpayers filing via e-Filing	November	N/a	November
Provisional taxpayers filing via e-Filing	January	12 months after year-end	January

Provisional tax

	Individual	Company	Trust
First provisional tax	31 August	6 months after year-end	31 August
Second provisional tax	28 February	12 months after year-end	28 February
Third provisional tax	30 September	■ 6 months after year-end if year-end is not February ■ 7 months after year-end if year-end is February	30 September

Value-added tax

	Individual	Company	Trust
Submitting VAT returns manually	On or before the 25th of the month following the VAT period	On or before the 25th of the month following the VAT period	On or before the 25th of the month following the VAT period
Submitting VAT returns via e-Filing	On or before the end of the month following the VAT period	On or before the end of the month following the VAT period	On or before the end of the month following the VAT period

Payroll tax returns

	Individual	Company	Trust
Annual Employer Reconciliation Declaration (EMP501) and Employee Income Tax certificates [IRP5/IT3(a)]	31 May	31 May	31 May
Interim/Bi-annual Employer Reconciliation Declaration (EMP501) and Employee Income Tax certificates [IRP5/IT3(a)]	31 October	31 October	31 October
Monthly declaration (EMP201)	On or before the 7th of the month following the payroll month	On or before the 7th of the month following the payroll month	On or before the 7th of the month following the payroll month

IRP 5 CODES

Normal Income Codes

3601	Income (taxable) i.e. salaries and wages (taxable), overtime (taxable)
3602	Income (non-taxable) i.e. pension payments (non-taxable), arbitration award (non-taxable)
3603	Pension payments (taxable)
3605	Annual payments (taxable) i.e. annual bonus, incentive bonus etc.
3606	Commission
3608	Arbitration Award (taxable)
3610	RAF annuity (taxable)
3611	Interest received on an annuity purchased from an Annuity Fund (taxable)
3613	Restraint of Trade (taxable)
3614	Other Retirement Lump Sums (taxable)
3615	Director's Remuneration (taxable)
3616	Independent Contractors (taxable)
3617	Labour Brokers (PAYE/IT)
3619	Labour Brokers with Exemption Certificate (IT)

Allowance Codes

3701	Travel Allowance (taxable)
3702	Reimbursive Travel Allowance (taxable)
3703	Reimbursive Travel Allowance (non-taxable)
3704	Subsistence Allowance – Local Travel (taxable)
3707	Share Options Exercised (taxable)
3708	Public Office Allowance (taxable)
3713	Other Allowances (taxable) i.e., Entertainment Allowance (taxable), Tool Allowance (taxable), Computer Allowance (taxable), Telephone/Cell Phone Allowance (taxable)
3714	Other Allowances (non-taxable) i.e., Subsistence Allowance – Local Travel (non-taxable) Uniform Allowance (non-taxable), Subsistence Allowance- Foreign Travel (non-taxable), Relocation allowance (non-taxable)
3715	Subsistence Allowance- Foreign Travel (taxable)
3717	Broad-based Employee Share Plan (taxable)
3718	Vesting of equity instruments (taxable)

Fringe Benefit Codes

3801	General Fringe Benefit (taxable) i.e., Right of Use of Asset other than motor vehicle (taxable), acquisition of asset at less than actual value (taxable), Meals, refreshments and meal and refreshment Vouchers (taxable), Low interest or interest free loans or loan subsidies (taxable)
3802	Right of Use of Motor Vehicle (taxable)
3805	Accommodation (taxable) i.e. free or cheap residential or holiday accommodation (taxable)
3806	Services (taxable) i.e. free or cheap services
3808	Employee's debt (taxable)
3809	Bursaries or scholarships (taxable)
3810	Medical Aid contributions (taxable)
3813	Medical services cost (taxable)
3815	Bursaries and scholarships (non-taxable)
3816	Use of motor vehicle acquired by employers via "Operating Lease" (taxable)
3817	Taxable benefit i.r.o. Pension Fund Employer Contribution
3820	Taxable Bursaries or Scholarships – Further Education
3821	Non-Taxable Bursaries or Scholarships – Further Education
3822	Non-taxable Acquisition of Immovable Property
3825	Taxable Benefit i.r.o. Provident Fund Employer Contribution
3828	Taxable Benefit i.r.o. Retirement Annuity Employer Contribution

Important: To report foreign income, add a value of 50 to all normal, allowance, fringe benefit and lump sum codes e.g. 3606 will be 3656, except 3614, 3617, 3908, 3909, 3915, 3920, 3921 and 3922.

Lump Sum Codes

3901 Gratuities (taxable)
3906 Special Remuneration (taxable) i.e. proto-teams
3907 Other Lump Sums (taxable) i.e. Backdated salaries extended over previous tax year, Lump sum payments by unapproved funds, Gratuity paid to an employee due to normal termination of service, Employer owned insurance policy (risk policy) proceeds NOT exempt ito the exclusion in section 10(1)(gG)(i) of the Income Tax Act)
3908 Surplus Apportionments and Employer Owned Policy Proceeds (non-taxable)
3909 Unclaimed Benefits paid by Fund (taxable)
3915 Retirement/involuntary termination of employment lump sum benefits/Commutation of annuities (taxable)
3920 Lump sum withdrawal benefits (taxable)
3921 Living annuity and section 15C of the Pension Funds Act, surplus apportionments (taxable)
3922 Compensation i.r.o death during employment (Excl/PAYE)

Gross Remuneration Codes

3696 Gross Non-Taxable Income
3697 Gross Retirement Funding Employment Income
3698 Gross Non-Retirement Funding Employment Income
3699 Gross Taxable Employment Income

Employee's Tax Deduction and Reason Codes

4101 SITE
4102 PAYE
4115 Tax on Retirement Lump Sum and Severance benefits
4116 Medical Scheme Fees Tax Credit taken into account by the employer for PAYE purposes
4118 Employment Tax Incentive
4141 UIF contribution
4142 SDL contribution
4149 Total Tax, SDL and UIF (excluding the value of 4116 Medical Scheme Fees Tax Credit taken into account by the employer for PAYE purposes).
4150 02 – Earn Less than the Tax Threshold
03 – Independent Contractor
04 – Non Taxable Earnings (including nil directive)
05 – Exempt Foreign Employment Income
06 – Director's Remuneration – Income Determined in the following Tax Year
07 – Labour Broker with IRP30
08 – No Tax to be withheld due to Medical Scheme Fees Tax Credit allowed
09 – Par 11A(5) Fourth Schedule notification – No withholding possible

Deduction Codes

4001 Current Pension Fund Contributions
4002 Arrear Pension Fund Contributions
4003 Current Provident Fund Contributions, Arrear Provident Fund Contributions
4005 Medical Aid Contributions
4006 Current Retirement Annuity Fund Contributions
4007 Arrear (re-instated) Retirement Annuity Fund Contributions
4018 Premiums Paid for Loss of Income Policies
4024 Medical services costs deemed to be paid by the employee in respect of himself/herself, spouse or child
4026 Arrear Pension Fund Contributions – Non Statutory Forces
4030 Donations deducted from the employee's remuneration and paid by the employer
4472 Employer's Pension Fund Contributions
4473 Employer's Provident Fund Contributions
4474 Employer's medical scheme contributions in respect of employees not included in code 4493
4475 Employer's Retirement Annuity Contributions
4493 Employer's Medical Aid Contributions i.r.o Retired Employees
4497 Total Deductions/Contributions
4582 Remuneration inclusion used in section 11(k) deduction (specific codes included)

PENALTIES: ADMINISTRATIVE NON-COMPLIANCE

Administrative non-compliance penalties are penalties for the failure to keep proper records, failure to report reportable arrangements, non-compliance with a request for information, obstruction of SARS officials and failure to comply with tax obligations. The following non-compliance penalties could be charged:

- Fixed amount penalties (this penalty increases monthly, calculated from one month after the penalty assessment)
- Percentage based penalties
- Understatement penalties

Fixed amount penalties

Fixed rate penalties can be imposed by SARS for non–compliance with any procedural or administrative action or duty imposed or requested, for example:

- Not registering when required to
- Not informing SARS where there is a change in registration details
- Not filing returns
- Not retaining records as required by SARS

The fixed rate penalty does not apply where the percentage base penalty or understatement penalty applies.

Fixed rate penalties can be imposed as per the following table:

Assessed Loss or taxable income for preceding year	Monthly penalty
Assessed loss	R250
R0 – R250 000	R250
R250 001 – R500 000	R500
R500 001 – R1 000 000	R1 000
R1 000 001 – R5 000 000	R2 000
R5 000 001 – R10 000 000	R4 000
R10 000 001 – R50 000 000	R8 000
R50 000 000 +	R16 000

Percentage based penalties

The percentage based penalty is imposed where SARS is satisfied that the taxpayer has not paid the tax as and when required under a Tax Act. This penalty is equal to a percentage of the tax not paid. The following percentage based penalties will be imposed:

Tax type	Penalty percentage
Income tax	10% under certain circumstances (i.e. sec 35A)
Provisional tax	■ 10% on the late or non-payment of provisional tax ■ 20% if provisional tax estimate has been understated (the non-submission of the return within four months after year-end is deemed to be a submission with an estimate of Rzero)
Employers' and employees' tax	■ 10% if return has not been filed ■ 10% if employee tax and/or UIF has not been paid ■ 10% if fringe benefits have not been indicated on employee's tax certificates
Value-Added Tax	10% on the late payment of VAT

Understatement penalties

The understatement penalty is a percentage in accordance with the table set out below and is applied to the shortfall of the tax. It applies to all taxes and could be charged when there is a default in rendering a return, an omission from a return, an incorrect statement in a return and, if no return is required, the failure to pay the correct amount of tax. Excluded from the understatement penalties are penalties resulting from a "bona fide inadvertent error".

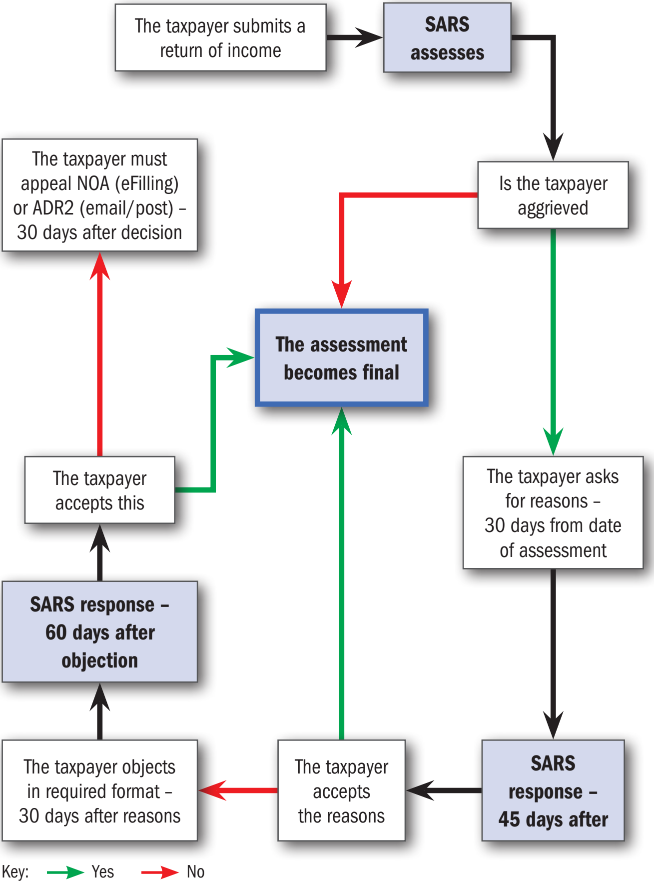
The following definitions relate to the understatement table below:

- **Substantial understatement** means a case where the prejudice to SARS or the fiscus exceeds the greater of 5% of the amount of 'tax' properly chargeable or refundable under a Tax Act for the relevant tax period, or R1 000 000
- **Repeat case** means a second or further case of any of the behaviours listed under the table above within five years of the previous case

- **Reasonable care not taken** means that a taxpayer is required to take the degree of care that a reasonable, ordinary person in the circumstances of the taxpayer would take to fulfill his or her tax obligations
- **No reasonable grounds for the tax position** would occur when the taxpayer does not have a reasonably arguable position. A taxpayer's interpretation of the application of the law is reasonably arguable if, having regard to the relevant authorities, for example an income tax law, a court decision or a general ruling, it would be concluded that what is being argued by the taxpayer is at least as likely as not, correct
- **Impermissible avoidance arrangement** means an arrangement as defined in the General Anti-Avoidance Rules in the Income Tax Act
- **Gross negligence** means doing or not doing something in a way that, in all the circumstances, suggests or implies complete or a high level of disregard for the consequences. Gross negligence involves recklessness but does not require an element of wrongful intent or "guilty mind", or intent to breach a tax obligation
- **Intentional tax evasion** is a willful act that exists when a person's conduct is meant to disobey or wholly disregard a known legal obligation. Knowledge of illegality is crucial

Behaviour	Standard case	Obstructive or repeat case	Voluntary disclosure after audit notification	Voluntary disclosure before audit notification
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable grounds for tax position	50%	75%	25%	0%
Impermissible avoidance arrangement	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

DISPUTE RESOLUTION PROCESS



RETENTION OF RECORDS

DOCUMENT	RETENTION PERIOD
Companies Act	
■ Any documents, accounts, books, writing, records or other information that a company is required to keep in terms of the Companies Act and other public regulation	7 years or longer (as specified in other public regulation)
■ Registration certificate ■ Memorandum of Incorporation ■ Rules ■ Securities register and uncertificated securities register ■ Register of company secretary and auditors	Indefinite
■ Notice and minutes of all shareholders' meetings ■ Copies of reports presented at the annual general meeting of the company ■ Copies of annual financial statements ■ Copies of accounting records ■ Record of directors and past directors, after the director has retired from the company ■ Written communication to holders of securities ■ Minutes and resolutions of directors' meetings, audit committee and directors' committees	7 years
Close Corporations Act	
■ Accounting records ■ Annual financial statements	15 years
■ Founding statement (Form CK 1) ■ Amended Founding statement (forms CK 2 and CK 2A) ■ Microfilm image of any original record reproduced directly by the camera – the "camera master" ■ Minutes books as well as resolution passed at meetings	Indefinite

DOCUMENT	RETENTION PERIOD
Income Tax and VAT Act	
■ In respect of each employee the employer shall keep a record showing: amount of remuneration paid or due by him to the employee; the amount of employees' tax deducted or withheld from the remuneration paid or due; the income tax reference number of that employee; any further prescribed information; Employer Reconciliation return (EMP501) ■ The following records of importation of goods and documents: Bill of entry or other documents prescribed by the Custom and Excise Act, proof that the VAT charge has been paid to SARS ■ VAT Vendors are obliged to keep the following records: record of all goods and services, the rate of tax applicable to the supply and the suppliers or their agents, invoices, tax invoices, credit notes, debit notes, bank statements, deposit slips, stock lists and paid cheques ■ Documentary proof for zero-rating of supplies	5 years from date of submission of the return

Note: The records, books of account and documents must be retained in their original form in a safe place, or electronic format as prescribed by the Commissioner or in a form authorised by a senior SARS official.

WEAR AND TEAR ALLOWANCES

The following rates of wear and tear are allowed by SARS in terms of Interpretation Note 47:

Type of asset	No. of years for write-off	Type of asset	No. of years for write-off
Adding machines	6	Debarking equipment	4
Air-conditioners		Delivery vehicles	4
window	6	Demountable partitions	6
mobile	5	Dental and doctors' equipment	5
room unit	10	Dictaphones	3
Air-conditioning assets		Drilling equipment (water)	5
absorption type chillers	25	Drills	6
air handling units	20	Electric saws	6
centrifugal chillers	20	Electrostatic copiers	6
cooling towers	15	Engraving equipment	5
condensing sets	15	Escalators	20
Aircraft (light passenger or		Excavators	4
commercial helicopters)	4	Fax machines	3
Arc welding equipment	6	Fertiliser spreaders	6
Artefacts	25	Fire arms	6
Balers	6	Fire extinguishers (loose units)	5
Battery chargers	5	Fire detections systems	3
Bicycles	4	Fishing vessels	12
Boilers	4	Fitted carpets	6
Bulldozers	3	Food bins	4
Bumping flaking	4	Food-conveying systems	4
Carports	5	Fork-lift trucks	4
Cash registers	5	Front-end loaders	4
Cell phone antennae	6	Furniture and fittings	6
Cell phone masts	10	Gantry cranes	6
Cellular telephones	2	Garden irrigation equipment	
Cheque-writing machines	6	(movable)	5
Cinema equipment	5	Gas cutting equipment	6
Cold drink dispensers	6	Gas heaters and cookers	6
Communication systems	5	Gear boxes	4
Compressors	4	Gear shapers	6
Computers		Generators (portable)	5
mainframe	5	Generators (standby)	15
personal	3	Graders	4
Computer software (mainframes)		Grinding machines	6
purchased	3	Guillotines	6
self-developed	1	Gymnasium equipment	
Computer software		Cardiovascular	2
(personal computers)	2	Health testing	5
Concrete mixers portable	4	Weights and strength	4
Concrete transit mixers	3	Spinning	1
Containers	10	Other	10
Crop sprayers	6	Hairdressers' equipment	5
Curtains	5	Harvesters	6

Type of asset	No. of years for write-off	Type of asset	No. of years for write-off
Heat dryers	6	Radio communication	5
Heating equipment	6	Refrigerated milk tankers	4
Hot water systems	5	Refrigeration equipment	6
Incubators	6	Refrigerators	6
Ironing and pressing equipment	6	Runway lights	5
Kitchen equipment	6	Sanders	6
Knitting machines	6	Scales	5
Laboratory research equipment	5	Security systems removable	5
Lathes	6	Seed separators	6
Laundromat equipment	5	Sewing machines	6
Law reports	5	Shakers	4
Lift installations	12	Shop fittings	6
Medical theatre equipment	6	Solar energy units	5
Milling machines	6	Special patterns and tooling	2
Mobile caravans	5	Spin dryers	6
Mobile cranes	4	Spot welding equipment	6
Mobile refrigeration units	4	Staff training equipment	5
Motors	4	Surge bins	4
Motorcycles	4	Surveyors:	
Motorised chain saws	4	Field equipment	10
Motorised concrete mixers	3	Instruments	5
Motor mowers	5	Tape-recorders	5
Musical instruments	5	Telephone equipment	5
Navigation systems	10	Television and advertising films	4
Neon signs and advertising boards	10	Television sets, video machines	
Office equipment – electronic	3	and decoders	6
Office equipment – mechanical	5	Textbooks	3
Oxygen concentrators	3	Tractors	4
Ovens and heating devices	6	Trailers	5
Ovens for heating food	6	Traxcavators	4
Packaging equipment	4	Trollies	3
Paintings (valuable)	25	Trucks (heavy-duty)	3
Pallets	4	Trucks (other)	4
Passenger cars	5	Truck-mounted cranes	4
Patterns, tooling and dies	3	Typewriters	6
Pellet mills	4	Vending machines (including video	
Perforating equipment	6	game machines)	6
Photocopying equipment	5	Video cassettes	2
Photographic equipment	6	Warehouse racking	10
Planers	6	Washing machines	5
Pleasure craft, etc.	12	Water distillation and	
Ploughs	6	purification plant	12
Portable safes	25	Water tankers	4
Power tools (hand-operated)	5	Water tanks	6
Power supply	5	Weighbridges (movable parts)	10
Public address systems	5	Wire line rods	1
Pumps	4	Workshop equipment	5
Racehorses	4	X-ray equipment	5
Radar systems	5		

The acquisition of “small” items at a cost of less than R7 000 per item may be written off in full during the year of acquisition.

FINANCE REPAYMENT FACTORS

The following table reflects repayments on every R1 000 borrowed.

Short/Medium/Long term Financing							
Rate	**36 Months**	**48 Months**	**60 Months**	**10 Years**	**20 Years**	**25 Years**	**30 Years**
07,0%	30,88	23,95	19,08	11,61	07,75	07,07	06,65
07,5%	31,11	24,18	20,04	11,87	08,06	07,39	06,99
08,0%	31,34	24,41	20,28	12,13	08,36	07,72	07,34
08,5%	31,57	24,65	20,52	12,40	08,68	08,05	07,69
09,0%	31,80	24,89	20,76	12,67	09,00	08,39	08,05
09,5%	32,03	25,12	21,00	12,94	09,32	08,74	08,41
10,0%	32,27	25,36	21,25	13,22	09,65	09,09	08,78
10,5%	32,50	25,60	21,49	13,49	09,98	09,44	09,15
11,0%	32,74	25,85	21,74	13,78	10,32	09,80	09,52
11,5%	32,98	26,09	21,99	14,06	10,66	10,16	09,90
12,0%	33,21	26,33	22,24	14,35	11,01	10,53	10.29
12,5%	33,45	26,58	22,50	14,64	11,36	10,90	10,67
13,0%	33,69	26,83	22,75	14,93	11,72	11,28	11,06
13,5%	33,94	27,08	23,01	15,23	12,07	11,66	11,45
14,0%	34,18	27,33	23,27	15,53	12,44	12,04	11,85
14,5%	34,42	27,58	23,53	15,83	12,80	12,42	12,25
15,0%	34,67	27,83	23,79	16,13	13,17	12,81	12,64
15,5%	34,91	28,08	24,05	16,44	13,54	13,20	13,05
16,0%	35,16	28,34	24,32	16,75	13,91	13,59	13,45
16,5%	35,40	28,60	24,58	17,60	14,29	13,98	13,85

INTEREST RATES

EFFECTIVE DATE		RATE
Late or underpayments of Tax		
1 May	2014	9.00%
1 November	2014	9.25%
1 November	2015	9.50%
1 March	2016	9.75%
1 May	2016	10.25%
Fringe benefits – official rate of interest		
1 March	2011	6.50%
1 August	2012	6.00%
1 February	2014	6.50%
1 August	2014	6.75%
1 August	2015	7.00%
1 December	2015	7.25%
1 February	2016	7.75%
1 April	2016	8.00%
Overpayments of tax		
1 May	2014	5.00%
1 November	2014	5.25%
1 November	2015	5.50%
1 March	2016	5.75%
1 May	2016	6.25%
Prime Overdraft Rates		
30 January	2014	9.00%
18 July	2014	9.25%
24 July	2015	9.50%
20 November	2015	9.75%
29 January	2016	10.25%
17 March	2016	10.50%

NOTES

IMPORTANT NOTE

The information contained in this booklet is a summary of current legislation and budget proposals proposed by the Minister of Finance on the 22nd February 2017. We suggest that you do not act solely on material contained in the booklet as the nature of the information contained herein is general and may in certain circumstances be subject to misinterpretation. In addition, the budget proposals may not include all legislative adjustments which could be made in the near future. Consequently we recommend that our advice be sought when encountering these potentially problematic areas. While every care has been taken in the compilation of the booklet, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors or omissions.

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