

Tax Facts

Tax Guide 2009/10



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BDO Spencer Stewart

A relationship at work 

RATES OF TAX

INDIVIDUALS, SPECIAL TRUSTS, INSOLVENT AND DECEASED ESTATES

Year of assessment ending **28 February 2010**

Taxable income	Rates of tax
R	R
0 - 132 000	18% of each R1
132 001 - 210 000	23 760 + 25% of the amount above 132 000
210 001 - 290 000	43 260 + 30% of the amount above 210 000
290 001 - 410 000	67 260 + 35% of the amount above 290 000
410 001 - 525 000	109 260 + 38% of the amount above 410 000
525 001 and above	152 960 + 40% of the amount above 525 000

Year of assessment ending **28 February 2009**

Taxable income	Rates of tax
R	R
0 - 122 000	18% of each R1
122 001 - 195 000	21 960 + 25% of the amount above 122 000
195 001 - 270 000	40 210 + 30% of the amount above 195 000
270 001 - 380 000	62 710 + 35% of the amount above 270 000
380 001 - 490 000	101 210 + 38% of the amount above 380 000
490 001 and above	143 010 + 40% of the amount above 490 000

Notes: A special trust is a trust created solely for the benefit of a disabled person, or a testamentary trust for the benefit of minor children.

TRUSTS	2010	2009
Trusts (other than special trusts) for years of assessment ending on 28 February	40%	40%

COMPANIES AND CLOSE CORPORATIONS (OTHER THAN MINING COMPANIES AND LONG-TERM INSURERS)

Year of assessment ending 31 March unless otherwise stated.

Normal tax on taxable income:	2010	2009
Companies (other than entities below)	28%	28%
Turnover tax for micro businesses (turnover not exceeding R1000 000) (Year ending 28 February 2010) ^(N4)	0% – 7% of turnover	N/A
Non-resident companies with a branch in the Republic or SA source income (not subject to STC)	33%	33%
Personal service providers (2010) /Employment companies (2009) ^(N1)	33%	33%
Small business corporations ^(N2) 2010		
On taxable income not exceeding R54 200	0%	
On taxable income exceeding R54 201 but not exceeding R300 000	10%	
On taxable income exceeding R300 000	28%	
Small business corporations ^(N2) 2009		
On taxable income not exceeding R46 000		0%
On taxable income exceeding R46 000 but not exceeding R300 000		10%
On taxable income exceeding R300 000		28%
Public benefit organisations and recreational clubs (trading income only)	28%	28%
STC payable on 'net amount' of dividend declared ^(N3)	10%	10%
Passive holding companies ^(N5)	40%	N/A

Notes: (N1) An employment company is a personal service company or a labour broker without an exemption certificate, From March 2009 "employment company" is replaced by a "personal service provider" (includes companies and trusts). (N2) Primary requirements to qualify as a Small Business Corporation: All the shares are held by individuals, none of whom hold shares in any other company (other than listed shares, unit trusts and shares in certain tax exempt entities); the gross income of the corporation may not exceed R14 million for the year of assessment; not more than 20% of the gross income of the company may comprise investment income and income from rendering a personal service and is not an "employment company" or "personal service provider". (N3) Will be replaced by dividend withholding tax (effective date to be determined). (N4) This is an elective tax. No STC on first R200 000 per annum dividend if presumptive tax election made. (N5) On certain companies earning mainly passive income (effective date to be determined).

USEFUL INFORMATION AT A GLANCE

REBATES AND THRESHOLDS	2010	2009
Primary rebate for individuals	R9 756	R8 280
Secondary rebate (65 years of age or older) (in addition to primary rebates)	R5 400	R5 040
Tax threshold for individuals under 65 years of age	R54 200	R46 000
Tax threshold for individuals 65 years of age or older	R84 200	R74 000

INTEREST AND FOREIGN DIVIDEND EXEMPTION

Local interest exemption for individuals under 65 years of age (N1)	R21 000	R19 000
Local interest exemption for individuals 65 years of age or older (N1)	R30 000	R27 500
Foreign interest and foreign dividend exemption (applies first to foreign dividends)	R3 500	R3 200

Notes: (N1) Reduced by foreign interest and foreign dividend exemption utilised.
(N2) Local dividends are exempt from tax.

DONATIONS TAX AND ESTATE DUTY	2010	2009
Donations tax rate	20%	20%
Casual gifts exemption (companies and trusts)	R10 000	R10 000
Donations tax – annual exemption Individuals	R100 000	R100 000
Estate duty rate	20%	20%
Estate duty abatement (N1)	R3.5mil	R3.5mil

CAPITAL GAINS TAX

Annual capital gain/loss exclusion	R17 500	R16 000
Primary residence exclusion (N2)	R1.5mil	R1.5mil
Exclusion on death	R120 000	R120 000
Once-off relief for disposal of qualifying small business assets	R750 000	R750 000
Effective CGT rate – individuals and special trusts	4,5% -10%	4,5% -10%

Effective CGT rate – companies	14%	14%
Effective CGT rate – trusts	20%	20%

Notes: (N1) To be amended to increase abatement by pre-deceased spouses unutilised portion.
(N2) Amended in 2010 to also exclude the disposal of a primary residence for an amount of R2 million or less.

TRAVEL ALLOWANCE

Travel allowance subject to PAYE	60%	60%
Travel allowance - maximum vehicle value	R400 000	R400 000
Travel allowance - deemed maximum kilometres per annum ^(N1)	32 000km	32 000km
Travel allowance - deemed private kilometres ^(N1)	18 000km	18 000km

Note: (N1) Threshold not applicable if supported by logbook. If using a log book, private kilometres include travel between home and place of employment.

TRAVEL ALLOWANCE - CALCULATION OF DEEMED EXPENDITURE WHERE NO LOG BOOK IS KEPT: COST SCALE

Value of the vehicle	Fixed cost R	Fuel cost c	Maintenance cost c
R0 - R40 000	14 672	58,6	21,7
R40 001 - R80 000	29 106	58,6	21,7
R80 001 - R120 000	39 928	62,5	24,2
R120 001 - R160 000	50 749	68,6	28,0
R160 001 - R200 000	63 424	68,8	41,1
R200 001 - R240 000	76 041	81,5	46,4
R240 001 - R280 000	86 211	81,5	46,4
R280 001 - R320 000	96 260	85,7	49,4
R320 001 - R360 000	106 367	94,6	56,2
R360 001 - R400 000	116 012	110,3	75,2
Exceeding R400 000	116 012	110,3	75,2

Re-imbursive travel allowance:

If an employee is reimbursed for business kilometres travelled at a rate not exceeding R2,92 per kilometre, no tax will be payable provided:

- the travel allowance is based on actual business kilometres travelled; and
- the distance travelled in the vehicle for business purposes during the year of assessment does not exceed 8 000 kilometres or where more than one vehicle has been used, the total distance travelled in those vehicles for business purposes does not exceed 8 000 kilometres; and
- no other compensation in the form of a further travel allowance or reimbursement is paid by the employer to the employee.

COMPANY CAR

	2010	2009
Taxable value per month – first company car	2,5%	2,5%
Taxable value per month – second and subsequent company cars (not used primarily for business)	4%	4%

Notes: 1. The above monthly rates apply to the determined value of the vehicle (original cost excluding VAT and finance charges).

2. The monthly rate may be reduced by 0,22% per month if the employee bears all fuel costs in relation to his private use of the vehicle and by 0,18% per month if the employee bears the full maintenance expense of the vehicle. The reductions will not apply where the employee receives a travel allowance.

DEDUCTIONS FROM INCOME - INDIVIDUALS

Pension fund contributions

The deductible amount for current contributions is limited to the greater of (1) 7,5% of retirement funding income or (2) R1 750.

Retirement annuity fund contributions

The deductible amount for current contributions is limited to the greater of (1) 15% of non-retirement funding income (including investment income), or (2) R3 500 less the deductible current pension fund contributions or (3) R1 750.

Medical expenses

Medical expenses that may be deducted by taxpayers under the age of 65 are limited to:

- (a) the contributions to a medical aid fund made by the taxpayer (R625 per month for each of the first two beneficiaries and R380 per month for each additional dependant) less the employer contributions not taxed as a fringe benefit; and
- (b) so much of any contributions to a medical aid that were not deductible in terms of (a) above (including employer contributions taxed as a fringe benefit) plus other qualifying medical expenses (for example scripted medicine or doctor's consultation fees) as exceeds 7,5% of the taxpayers taxable income.

If the taxpayer is 65 years or older, or the taxpayer, spouse or child is disabled, all qualifying expenses and expenses prescribed by the Commissioner in consequence of disability will be deductible.

Donations to certain Public Benefit Organisations

The deduction is limited to 10% of taxable income calculated before deducting medical expenses (in the case of individuals). The deduction claimed must be supported by a Section 18A certificate issued by the PBO. A deduction from PAYE is also allowed ("Payroll Giving").

TRANSFER DUTY

Transfer duty is calculated at the rate of 8% of the value of the fixed property purchased by persons other than individuals. Transfer duty in respect of purchases by individuals is based on the following sliding scale:

Property value	Rate
R0 – R500 000	0%
R500 001 – R1 000 000	5% of the value in excess of R500 000
R1 000 001 and above	R25 000 plus 8% of the value in excess of R1 000 000.

SKILLS DEVELOPMENT LEVY (SDL)

The SDL levy is calculated as 1% of the leviable amount of the monthly payroll. Employers with a payroll of R500 000 or more per annum must account for SDL on a monthly basis.

VALUE-ADDED TAX (VAT)

VAT is levied on taxable supplies by registered VAT-vendors at the standard rate of 14%. A number of supplies are zero rated (for example, goods exported from the Republic) or classified as exempt supplies (for example, financial services and residential accommodation).

WITHHOLDING TAXES

A withholding tax is levied in the Republic on the following amounts (subject to double tax treaty relief):

Royalties and similar payments to non-residents

A final withholding tax at the rate of 12% of the gross royalties payable in respect of royalties paid to non-residents for the use of patents, designs etc. in the Republic.

Disposal of immovable property in South Africa

A withholding tax must be withheld by the purchaser in respect of the disposal by non-residents of immovable properties with a value in excess of R2 000 000. The rates are 5% of the purchase price if the seller is a natural person, 7.5% if the seller is a company and 10% if the seller is a trust.

Foreign entertainers and sportspersons

A withholding tax of 15% of the gross revenue is payable.

Securities Transfer Tax (STT)

STT is levied at a rate of 0.25% on the fair value of transfer or redemption on listed or unlisted securities, including members interests in close corporations.

INTEREST RATES PAYABLE/RECEIVABLE

Effective date of change	Amounts owing to SARS(1)	Amounts owing by SARS(2)
1 November 2006	11%	7%
1 March 2007	12%	8%
1 November 2007	13%	9%
1 March 2008	14%	10%
1 September 2008	15%	11%

Note (1) This rate also applies to refunds of tax by SARS where an appeal is upheld in court or conceded by SARS and certain delayed refunds by SARS. (2) Interest rates payable on credits amounts (overpayment of provisional tax) under s 89quat(4).

OFFICIAL RATE OF INTEREST (FRINGE BENEFITS)

Effective date of change	Official rate
1 September 2006	9%
1 March 2007	10%
1 September 2007	11%
1 March 2008	12%
1 September 2008	13%

CRITICAL PAYMENT DATES

PROVISIONAL TAX

- 1st at half year
- 2nd at year end
- 3rd (voluntary top up) 6 months after year end unless year end is February in which case 7 months after year end

PAYE 7 days after month end

VAT 25th day after period end
(last business day if electronically submitted and paid)

SDL 7 days after month end

STC end of the month following a dividend cycle

UIF 7 days after month end

STT Listed securities - 14th day of the month following transfer. Unlisted securities - within 2 months from the end of the month of transfer

For further information, contact your local BDO Spencer Steward tax adviser:

Anton Kriel	021 417 8800
Graham Earle	031 251 4700
Kemp Munnik	011 488 1850
Marcelle van Rensburg	012 348 2000
David Honeyball	041 374 3222

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