

Newly constructed commercial buildings (and upgrades)

A write-off period of 20 years, i.e. 5% per year

Commercial or residential buildings in designated urban areas

Improvements	Pre 21/10/2008		Wef 21/10/2008		
	Yr 1-5	20% p.a.	Yr 1-5	20% p.a.	
New building/extensions/additions	Yr 1	20%	Yr 1-11	20%	
	Yr 2-17	5% p.a.	Yr 2-11	8% p.a.	
Low cost housing: Improvements	New building/extensions/additions	Yr 1-4	25% p.a.	Yr 1-4	25% p.a.
		Yr 1	25%	Yr 1	25%
		Yr 2-6	13% p.a.	Yr 2-6	13% p.a.
		Yr 7	10%	Yr 7	10%

Deduction in respect of wear and tear or depreciation

The straight line basis is permitted. Small items costing less than R5 000 and not forming part of a set may be written off in full in the year of acquisition.

Travelling allowances

The table below may be used to determine the tax-free component of a travel allowance received by an employee:

Where the value of the vehicle	Fixed cost R	Fuel cost c	Maint. cost c
Does not exceed R40 000	14 672	58.6	21.7
Exceeds R40 000 but does not exceed R80 000	29 106	58.6	21.7
Exceeds R80 000 but does not exceed R120 000	39 928	62.5	24.2
Exceeds R120 000 but does not exceed R160 000	50 749	68.6	28.0
Exceeds R160 000 but does not exceed R200 000	63 424	68.8	41.1
Exceeds R200 000 but does not exceed R240 000	76 041	81.5	46.4
Exceeds R240 000 but does not exceed R280 000	86 211	81.5	46.4
Exceeds R280 000 but does not exceed R320 000	96 260	85.7	49.4
Exceeds R320 000 but does not exceed R360 000	106 367	94.6	56.2
Exceeds R360 000	116 012	110.3	75.2

- Notes:**
- Opening and closing odometer readings must be recorded, and a logbook recording business travel needs to be maintained.
 - PAYE to be deducted from 80% of travel allowance
 - Where the allowance is based on actual distance travelled the employee may elect to determine the tax-free component of a travel allowance at a rate of 292c / km.

Right of use of motor vehicle

The monthly value for private use is based on 2.5% of the determined value of the vehicle (cost excluding VAT and finance charges).

The monthly value for private use of a second or subsequent vehicle granted by an employer to an employee or his family, where the vehicle is not used primarily for business purposes, will be determined at 4% per month of the determined value of the vehicle.

Where the employee bears the cost of all fuel used for private use of the vehicle, deemed monthly values shall be reduced by 0.22% and by a further 0.18% where the employee bears the full cost of maintaining the vehicle.

Residence-based system of tax

South African residents are subject to a residence-based income tax system and are taxed on their worldwide income. Non-residents are taxed on South African source income, with some exceptions.

SARS interest rates (with effect from 1 September 2009)

Overpayment of provisional tax	6.5% p.a.
Late/underpayment of income, provisional and employees' tax	10.5% p.a.
Delayed refund of VAT	10.5% p.a.
Late payment of VAT	10.5% p.a.
Official rate: Fringe benefits/STC – interest free/low interest loans	8.0% p.a.

Prime bank overdraft rates (The Standard Bank of SA Limited)

Date of change	Rate	2007	2008	2009
8 June	13.0% p.a.	8 June	13.0% p.a.	6 February
17 August	13.5% p.a.	17 August	13.5% p.a.	14.0% p.a.
12 October	14.0% p.a.	12 October	14.0% p.a.	25 March
7 December	14.5% p.a.	7 December	14.5% p.a.	12.0% p.a.
				4 May
				12.0% p.a.
				29 May
				11.0% p.a.
				14 August
				10.5% p.a.
				2006
				14 June
				11.0% p.a.
				7 August
				11.5% p.a.
				16 October
				12.0% p.a.
				11 December
				12.5% p.a.
				2005
				18 April
				10.5% p.a.
				2004
				16 August
				11.0% p.a.

Exchange control guidelines

South African residents

Discretionary allowance (including travel)

Adult R750 000 per calendar year

Travel allowance

Under 18 R160 000 per calendar year

Foreign capital allowance

Foreign capital allowance for both emigrants and residents R4 million per individual over 18 or R8 million per family unit.



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Tax Info
2010/2011

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REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS(SA)

AUDIT • TAX • ADVISORY

The information in this publication should not be used as a basis for action without further professional advice.



Tax tables for the 2011 year of assessment – natural persons

TAXABLE INCOME		RATES OF NORMAL TAX	
R	R	R	R
0	– 140 000	18% of each R1	
140 001	– 221 000	25 200	+ 25% of the amount over 140 000
221 001	– 305 000	45 450	+ 30% of the amount over 221 000
305 001	– 431 000	70 650	+ 35% of the amount over 305 000
431 001	– 552 000	114 750	+ 38% of the amount over 431 000
552 001	and above	160 730	+ 40% of the amount over 552 000

Persons over 65 are not required to be provisional taxpayers where taxable income does not exceed R120 000 p.a. and is derived solely from remuneration, interest, dividends and rental. Persons under 65 are not required to be provisional taxpayers where taxable income does not exceed the tax threshold or where taxable income derived from interest, dividends and rental does not exceed R20 000.

Trusts:

Flat rate of 40%.

Capital gains tax (CGT)

CGT does not apply, *inter alia*, to the disposals of a primary residence up to a gross value of R2 million. R1.5 million of gain in respect of the disposal of a primary residence with a gross value exceeding R2 million is also excluded.

25% of gains included in taxable income in the case of individuals, and 50% in the case of companies, close corporations and trusts.

Individuals – the first R17 500 of annual capital gains is excluded.

Micro businesses – turnover tax

Qualifying registered micro businesses (individuals or companies) may elect to pay a turnover-based tax.

Transfer duty

Immovable property includes an interest in a residential property company, close corporation or trust.

Natural persons:

VALUE OF PROPERTY		TRANSFER DUTY PAYABLE	
R	R	R	R
0	– 500 000	0%	
500 001	– 1 000 000	5% of the amount over 500 000	
1 000 000	and above	25 000	+ 8% of the amount over 1 000 000

Companies, close corporations and trusts:

8% of value of property.

Individuals

Tax thresholds

Liability for tax commences:
under 65 years
over 65 years.

Tax rebates

Amounts deductible from tax payable:

Primary: All natural persons

Additional: All natural persons 65 years and older.

Exempt income

Tax-free portion of interest and foreign dividends:

(Only R3 700 of the exemption may be applied to foreign interest and dividend income)

All natural persons under 65 years

All natural persons 65 years and older.

Deductions

Amounts deductible from income include:

Current pension fund contributions

Greater of 7.5% of remuneration, or R1 750.

Current retirement annuity contributions

The maximum deduction allowable is the greatest of:

- 15% of income, net of permissible expenses, excluding employment from which employee/director derives remuneration and is a member of a pension/provident fund
- R3 500 less current contributions to a pension fund
- R1 750.

Arrear retirement annuity or pension fund contributions

Medical and physical disability expenses

- Under 65 years of age
 - Monthly medical scheme contributions
 - Member and first dependant
 - Additional dependants
 - Excess medical scheme contributions, other medical expenses and expenses in consequence of a physical impairment – in excess of 7.5% of taxable income
- 65 years and older and persons with a disability.

Approved educational and charitable donations

Limited to 10% of taxable income.

R
57 000
88 528
10 260
5 675
22 300
32 000
1 800
670 each
410 each
unlimited
unlimited

Estate duty and donations tax

Estate duty

- 20%
- Primary abatement – R3.5 million
- In addition, specific deductions, *inter alia* funeral and death bed expenses, debts due, administration charges, bequests to any public benefit organisation which is exempt from tax and bequests and property left to a surviving spouse, are allowable.

Donations tax

- 20%
- The first R100 000 of property donated in each tax year by a natural person is exempt from donations tax
- In the case of a taxpayer that is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 in total
- Dispositions between spouses, and donations to public benefit organisations, are exempt from donations tax.

Companies and close corporations

{Other than mining companies, employment companies and SBCs}

Normal tax

Payable on taxable income in respect of financial years ending during the 12-month period to 31 March.

2011	2010
28%	28%

Secondary Tax on Companies (STC)

STC is levied at the rate of 10% on all companies, as well as close corporations, on the "net amount" of dividends declared by a company, or distributions by a close corporation. STC is payable at the end of the month following that in which the dividend accrues to the shareholders.

On or after 14/03/1996 but before 01/10/2007	12.5%
On or after 01/10/2007	10%

Qualifying Small Business Corporations (SBCs)

TAXABLE INCOME		RATES OF NORMAL TAX	
R	R	R	R
0	– 57 000	0%	
57 001	– 300 000	0	+ 10% of the amount over 57 000
300 001	and above	24 300	+ 28% of the amount over 300 000

These rates apply where:

- Gross income does not exceed R14 million, of which not more than 20% consists of investment income
- The company is not a personal service provider (as defined)

- 100% of the shares in the SBC are held by natural persons who do not hold more than a *de minimis* interest in other unlisted companies.

Personal service provider (employment) companies

Taxed at 33% of taxable income.

Deductions are allowed for actual business expenditure and related salary payments.

Remuneration paid to a personal service provider is subject to employees' tax.

Skills development levy

1% of payroll.

Unemployment Insurance Fund (UIF)

The employer and employee each contribute 1% of the worker's remuneration to UIF. The maximum remuneration on which UIF contributions are made is R12 478 per month.

Capital allowances

Deduction in respect of certain machinery, plant, implements, utensils and articles (capital goods)

Manufacturer – process of manufacture or similar process

New or unused plant and machinery

– Acquired and brought into use from 1 March 2002

1st year 40% 2nd year 20% 3rd year 20% 4th year 20%

Used plant and machinery used in a process of manufacture or similar process 20% p.a. straight line

Farmer

New or used machinery, implements, utensils (excluding office equipment, private vehicles, livestock) for the purpose of carrying on a trade of farming

– Brought into use on or after 1 July 1988

1st year 50% 2nd year 30% 3rd year 20%

SBCs

Manufacturing assets 1st year 100%

Non-manufacturing assets (effective 1 April 2005)

1st year 50% 2nd year 30% 3rd year 20%

Industrial buildings

Annual allowances in respect of the cost (excluding interest or finance charges) of erection or improvements to qualifying buildings used wholly or mainly for the purpose of carrying on a process of manufacture or similar process, commenced

- on or before 31 December 1988 2%
- on or after 1 January 1989 5%
- 1 July 1996 to 30 September 1999, and brought into use on or before 31 March 2000 10%