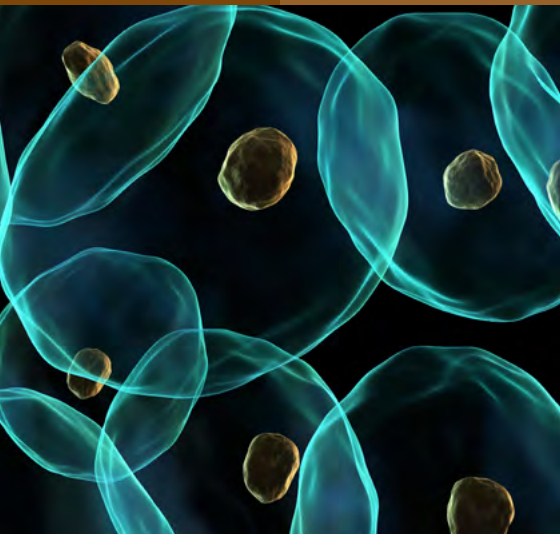


Tax Info  
2011/2012



## 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.

<b>2012</b>	<b>2011</b>
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. STC is to be replaced by a dividend withholding tax on 1 April 2012.

<b>On or after 14.03.1996 but before 01.10.2007</b>
12.5%
<b>On or after 01.10.2007</b>
10%

### Qualifying Small Business Corporations (SBCs)

TAXABLE INCOME		RATES OF NORMAL TAX	
R	R	R	R
0 –	59 750	0%	
59 751 –	300 000	0 +	10% of the amount over 59 750
300 001 and above		24 025 +	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 personal service providers is subject to employees' tax.

### Micro businesses – turnover tax

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

## Individuals

### Tax thresholds

Liability for tax commences:

under 65 years

over 65 years

over 75 years

R

59 750

93 150

104 261

### Tax rebates

Amounts deductible from tax payable:

Primary: All natural persons

Secondary: All natural persons 65 years and older

Third: All natural persons 75 years and older

10 755

6 012

2 000

### Exempt income

Tax-free portion of interest and foreign dividends:

(R3 700 of the exemption applicable to foreign interest and dividend income)

All natural persons under 65 years

All natural persons 65 years and older

22 800

33 000

### 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

1 800

#### Medical and physical disability expenses

a. 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

720 each

440 each

b. 65 years and older and persons with a disability

unlimited

unlimited

#### Approved educational and charitable donations

Limited to 10% of taxable income

## Tax tables for the 2012 year of assessment

TAXABLE INCOME		RATES OF NORMAL TAX		
R	R	R		R
0	– 150 000	18% of each R1		
150 001	– 235 000	27 000	+	25% of the amount over 150 000
235 001	– 325 000	48 250	+	30% of the amount over 235 000
325 001	– 455 000	75 250	+	35% of the amount over 325 000
455 001	– 580 000	120 750	+	38% of the amount over 455 000
580 001	and above	168 250	+	40% of the amount over 580 000

### Exclusions from provisional tax system:

Over 65 – taxable income does not exceed R120 000 pa and is derived solely from remuneration, interest, dividends and rental.

Under 65 – taxable income does not exceed tax threshold or where taxable income derived from interest, dividends and rental does not exceed R20 000.

### 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 R60 000	19 492	64.6	26.4
Exceeds R60 001 but does not exceed R120 000	38 726	68.0	29.2
Exceeds R120 001 but does not exceed R180 000	52 594	71.3	31.9
Exceeds R180 001 but does not exceed R240 000	66 440	77.7	35.0
Exceeds R240 001 but does not exceed R300 000	79 185	87.0	44.7
Exceeds R300 001 but does not exceed R360 000	91 873	93.9	54.2
Exceeds R360 001 but does not exceed R420 000	105 809	100.9	65.8
Exceeds R420 000	119 683	113.1	67.6

- 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 305c/km.

## Right of use of motor vehicle

The monthly value for private use is 3.5% of the determined value of the vehicle (cost including VAT but excluding finance charges). This monthly value is reduced to 3.25% where the vehicle is subject to a maintenance plan.

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.

Where the employee bears the full cost of maintenance, insurance, licensing or fuel and accurate records of distances travelled are maintained, the taxable value is subject to adjustment on assessment.

## Subsistence allowances

Applicable where employee spends at least one night away on employer business. The tax-free portions are:

### Travel within South Africa

Incidental costs	R88 per day
Incidental costs and meals	R286 per day

### Travel outside South Africa

Depends on country visited – see [www.mazars.co.za](http://www.mazars.co.za) for details

## Trusts

Flat rate of 40%.

## 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.

## Capital allowances

### 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

- 20% p.a. straight line

### 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

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

### New building/extension/additions

	pre 21.10.2008	wef 21.10.2008
Year 1	20%	20%
Years 2 – 17	5%	
Years 2 – 11		8%

### Low cost housing

Improvements		25% p.a.
New building/extension/additions		
Year 1		25%
Years 2 – 6		13%
Year 7		10%

### Farmer

New or used machinery, implements, utensils (excluding office equipment, private vehicles, livestock) 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 based on the cost (excluding interest or finance charges) of erection or improvements to qualifying buildings used wholly or mainly for 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%

### Deduction in respect of wear and tear or depreciation

The straight line basis is permitted. Small items costing less than R7 000 and not forming part of a set may be written off in full in the year of acquisition.

## 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 R20 000 of annual capital gains and losses are excluded.

## Value-Added Tax (VAT)

### Registration thresholds

- Compulsory – Taxable supplies exceeding R1 million in a 12-month period
- Voluntary – Taxable supplies exceeding R50 000 in a 12-month period
- Commercial rental enterprise – Taxable supplies exceeding R60 000 in a 12-month period

### Rates

Standard rate of 14% except where the zero rate applies.

### Zero-rated supplies

Zero-rated supplies include exports of goods and services, sale of enterprise as a going concern, certain basic foodstuffs, illuminating paraffin, petrol and other distillate fuels.

### Tax invoices

Must be issued within 21 days of supply. To qualify for input tax deduction, tax invoices must contain, *inter alia*, names, addresses and VAT registration numbers of supplier and recipient, date, serial number, description of goods, value of supply and amount of VAT.

## 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.

## Transfer duty

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

### Natural persons, companies, close corporations and trusts

VALUE OF PROPERTY		TRANSFER DUTY PAYABLE	
R	R	R	R
0	– 600 000	0%	
600 001	– 1 000 000	3% of the amount over	600 000
1 000 001	– 1 500 000	12 000 + 5% of the amount over	1 000 000
1 500 001	and above	37 000 + 8% of the amount over	1 500 000

These rates apply to purchase agreements concluded on or after 23 February 2011.

## 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.

## SARS interest rates

Overpayment of provisional tax – 4.5% p.a. (prior to 1 March 2011 – 5.5% p.a.)

Late/underpayment of income, provisional and employees' tax – 8.5% p.a. (prior to 1 March 2011 – 9.5% p.a.)

Delayed refund of VAT – 8.5% p.a. (prior to 1 March 2011 – 9.5% p.a.)

Late payment of VAT – 8.5% p.a. (prior to 1 March 2011 – 9.5% p.a.)

Official rate: Fringe benefits/STC

– interest free/low interest loans – 7.0% p.a. (prior to 1 October 2010 – 8.0% p.a.)



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

Date of change	Rate	Date of change	Rate
<b>2010</b> 26 March	10.0% p.a.	<b>2007</b> 8 June	13.0% p.a.
10 September	9.5% p.a.	17 August	13.5% p.a.
19 November	9.0% p.a.	12 October	14.0% p.a.
<b>2009</b> 6 February	14.0% p.a.	7 December	14.5% p.a.
25 March	13.0% p.a.	<b>2006</b> 14 June	11.0% p.a.
4 May	12.0% p.a.	7 August	11.5% p.a.
29 May	11.0% p.a.	16 October	12.0% p.a.
14 August	10.5% p.a.	11 December	12.5% p.a.
<b>2008</b> 11 April	15.0% p.a.		
13 June	15.5% p.a.		
12 December	15.0% p.a.		

## Average exchange rates per SARS website for the 12-month periods ending as follows:

	June 2010	February 2010
United States Dollar	7.5892	8.0380
United Kingdom Sterling	12.0099	12.7305
Euro	10.5619	11.2959
Japanese Yen	0.0829	0.0859
Swiss Franc	7.1499	7.4961
Australian Dollar	6.6927	6.6270

## Exchange control guidelines (South African residents)

### Single discretionary allowance (including travel)

Adult R1 million per calendar year

### Travel allowance

Under 18 R200 000 per calendar year

### Foreign capital allowance

#### Residents

R4 million per calendar year for individuals over 18 who are taxpayers in good standing.

#### Emigrants

R4 million for individuals over 18 (R8 million per family unit) in year of emigration. Excess subject to application, without any exit surcharge.



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