



Grant Thornton

An instinct for growth™

TAX DATA CARD 2013/2014

**Reason
says:
your taxes
are due.**



**Instinct
says:
don't pay
more than
you need to.**



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Red text denotes changes as at 27 February 2013

Interest rates

Effective date	A %	B %	C %	D %
14/08/09	7.5	11.5	8.5	10.5
01/09/09	6.5	10.5	8.0	"
26/03/10	"	"	"	10.0
01/07/10	5.5	9.5	"	"
10/09/10	"	"	"	9.5
01/10/10	"	"	7.0	"
19/11/10	"	"	"	9.0
01/03/11	4.5	8.5	6.5	"
20/07/12	"	"	"	8.5
01/08/12	"	"	6.0	"

A Where SARS pays interest to the taxpayer on an overpayment of provisional tax.

B Interest rates charged on outstanding taxes, duties and levies and interest rates payable in respect of refunds of tax on successful appeals and certain delayed refunds.

C The official rate of interest for purposes of tax on fringe benefits is 100 bases points above the repo rate.

D Prime bank overdraft rates.

Individuals and trusts

1 March 2013 – 28 February 2014

Individual tax rates

Taxable income (R)	(R + %)	Rate of tax (R)
0 – 165 600	18%	of taxable income
165 601 – 258 750	29 808 + 25%	of taxable income above 165 600
258 751 – 358 110	53 096 + 30%	of taxable income above 258 750
358 111 – 500 940	82 904 + 35%	of taxable income above 358 110
500 941 – 638 600	132 894 + 38%	of taxable income above 500 940
638 601 and above	185 205 + 40%	of taxable income above 638 600

Trusts other than special trusts

40% of each R1

Tax rebates and deductions

Rebates	2014 (R)	2013 (R)
• Primary rebate – Individuals (excl. trusts)	12 080	11 440
• Additional rebate – Persons over 65	6 750	6 390
• Tertiary – Persons over 75	2 250	2 130

Deductions and credits		
• Medical expenses/credits		
Under 65	(i)	
Over 65 & disabled persons	Fully deductible	
• Pension contributions	(ii)	
• Retirement annuity contributions	(iii)	
Exemptions		
• In respect of taxable interest		
Under 65	23 800	22 800
Over 65	34 500	33 000
• In respect of foreign dividends	(iv)	
Tax threshold		
Under 65	67 111	63 556
Over 65 – 74	104 611	99 056
75 and over	117 111	110 889

Notes:

- i) Contributions made to a medical aid by an employer on behalf of an employee represent a taxable fringe benefit. The medical deductions and credits allowed on assessment are as follows:

Taxpayers below the age of 65

Taxpayers who are members of a medical aid will be granted a monthly “tax credit” of:

- R 242 (2013: R230) each for the taxpayer and his/her first dependant; and
- R 162 (2013: R154) for each additional dependant.

The credits will be deducted from the taxpayer’s liability for tax but cannot create a tax refund. Contributions to a medical aid scheme made by a taxpayer, or by an employer on his behalf, that exceed the sum of four times the tax credits will, together with any qualifying medical expenditure that is not recovered from the medical aid, be treated as a tax deduction, to the extent that the amount exceeds 7,5% of the taxpayer’s taxable income.

Taxpayers 65 and older

A person that is 65 or older is entitled to a full deduction in respect of contributions made by himself and/or his employer on his behalf to a medical aid as well as all qualifying medical expenditure that is not recovered from his medical aid. No medical credits are granted to such taxpayers.

PAYE

Where an employer effects payment of the medical scheme fees, the tax credits must be taken into account by the employer in the calculation of PAYE. However, where such payment is not effected by the employer, it must obtain proof of such payments in order to take the credits into account for PAYE purposes.

- ii) Pensions: A person’s current year contributions, limited to the greater of R1 750 or 7.5% of retirement-funding remuneration, are tax deductible.
- iii) Retirement annuities: A person’s current year contributions are deductible, limited to the greater of R1 750, or R3 500 less the allowable deduction for contributions to a pension fund or, 15% of the taxpayer’s taxable income (before certain deductions such as medical expenses are taken into account), excluding income from retirement-funding employment.
- iv) A portion of foreign dividends is exempt in accordance with a formula that is dependent on whether or not the recipient is a natural person, deceased/insolvent estate or special trust.

Schedule of values for travelling allowances

Taxpayers must maintain a record reflecting details of business and total kilometres travelled in order to substantiate any deduction against a travel allowance.

Value of the vehicle (incl. VAT) (R)	Fixed Cost (R)	Fuel Cost (c)	Maintenance Cost (c)
0 – 60 000	19 310	81.4	26.2
60 001 – 120 000	38 333	86.1	29.5
120 001 – 180 000	52 033	90.8	32.8
180 001 – 240 000	65 667	98.7	39.4
240 001 – 300 000	78 192	113.6	46.3
300 001 – 360 000	90 668	130.3	54.4
360 001 – 420 000	104 374	134.7	67.7
420 001 – 480 000	118 078	147.7	70.5
Exceeding 480 000	118 078	147.7	70.5

Notes:

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.

80% of the travel allowance is subject to PAYE, unless the employer is satisfied that at least 80% of the use of the motor vehicle will be for business purposes in which case the percentage is reduced to 20%.

Alternatively:

- Where the distance travelled for business purposes does not exceed 8 000 kilometres per annum, no tax is payable on an allowance paid by an employer to an employee, up to the rate of 324 cents (2013: 316 cents) per kilometre regardless of the value of the vehicle.
- This alternative is not available if other compensation in the form of an allowance or reimbursement is received from the employer in respect of the vehicle.

Fringe benefits tax - company cars

Scale of taxable benefits – employer-owned vehicles

Company cars will be subject to tax based on a fringe benefit of 3.5% of the determined value of the vehicle per month (3,25% if the car is subject to a maintenance plan). The determined value is normally the cash cost of the vehicle including VAT.

There is a reduction in the fringe benefit on assessment for business use, provided accurate records of the business mileage have been maintained. The reduction is calculated by applying the ratio of business kilometres to total kilometres for the year, to the fringe benefit. The fringe benefit may be reduced depending on the running costs the employee bears.

The employer must deduct PAYE on 80% of the fringe benefit unless he is satisfied that at least 80% of the employee's travel is for business purposes, in which case the PAYE deduction is based on 20% of the benefit.

Companies

Normal tax

Type of income	Rate of tax
Ordinary companies	28%
Gold mining	
Rate is determined according to a formula	
Small business corporation*	
• R0 – R67 111	0%
• R67 112 – R365 000	7% above R67 111
• R365 001 – R550 000	R20 852 + 21% above R365 000
• R550 001 and above	R59 702 + 28% above R550 000
Personal service provider company	28%
Foreign resident companies which trade in South Africa through a branch/agency	28%

* Applies for years of assessment ending on or after 1 April 2012. A company qualifies as a small business corporation if it meets the requirements of Section 12E(4)(a) of the Income Tax Act.

Turnover tax for micro businesses*

A simplified turnover-based presumptive tax system applies to micro businesses with a turnover of up to R1 million per year.

Turnover (R)	Tax liability
0 – 150 000	0%
150 001 – 300 000	1% of each rand R1 above R150 000
300 001 – 500 000	R1 500 + 2% of the amount above R300 000
500 001 – 750 000	R5 500 + 4% of the amount above R500 000
750 001 and above	R15 500 + 6% of the amount above R750 000

* Applies for years of assessment ending on or after 1 April 2012.

REIT structures

A qualifying company can adopt the new South African REIT structure for its year of assessment commencing on or after 1 April 2013.

Qualifying companies include existing property loan stock ("PLS") and property unit trust ("PUT") structures that are listed on the JSE and that meet certain required JSE criteria.

Distributions of dividends and interest that are made by a REIT will be tax deductible but limited to its taxable income before any capital gain. All distributions from a REIT, including dividends, will be taxable in the hands of the recipients.

Capital allowances – straight line basis

	Rate of tax (%)
Factory plant	
Brought into use on or after 1 March 2002 - new & unused	
• First year	40
• Years 2 to 4	20 pa
• Other	20 pa
Factory buildings	
Erected after 30 Sept 1999	5 pa
Urban development zones	
New commercial and residential buildings	
• First year	20
• Thereafter	8 pa
Refurbishment of commercial and residential buildings	20 pa
Research and development	
• New and unused plant and machinery	20 pa
• Buildings used wholly/mainly for R&D	5 pa
Small business corporations (i)	
Manufacturing plant	100
Other assets	50, 30, 20
Computers	
Computers (mainframe)	20 pa
Computers (personal computers)	33 ^{1/3} pa
Computers software (mainframes)	
• Purchased	33 ^{1/3} pa
• Self developed	100
Computers software (personal computers)	50 pa
Vehicles	
Delivery vehicles	25 pa
Passenger vehicles	20 pa
Trucks (heavy duty)	33 ^{1/3} pa
Trucks (other)	25 pa
Other	
Furniture & fittings	16 ^{2/3} pa
Telephone equipment	20 pa
Photocopying equipment	20 pa
Commercial buildings	
Commercial buildings (newly constructed and upgraded)	5 pa
Water pipelines	
Water pipelines for electrical power generation	5 pa

Note:

(i) Small business corporations are eligible for the general depreciation regime available to other taxpayers if desired.

Capital gains tax

Tax base

- Residents - disposal of assets worldwide (sale, death, emigration and donations).
- Non-residents - disposal of business assets of a permanent establishment in South Africa, fixed property and certain shares in companies owning fixed properties.
- Gains/losses made on the sale of shares held longer than 3 years treated as capital gains or losses.

Deductions and exemptions

- Value of assets at 1 October 2001 or cost of assets acquired thereafter.
- On a primary residence - R2 million (2013: R2 million) of the gain/loss on the disposal of a primary residence.
- For a natural person: annual exclusion of R30 000 (2013: R30 000) – in the year of death: R300 000 (2013: R300 000).
- For special trusts: annual exclusion of R30 000 (2013: R30 000).
- Small business (market value of less than R10 million) exclusion for individuals aged 55 years and older: R1,8 million (2013: R1,8 million).

Exclusions

- Personal-use assets.
- Domestic insurance and endowment policy pay-outs - to original beneficial owner or dependant only.
- Compensation for injury, illness or defamation.
- Retirement benefits.

Roll-over relief

- Involuntary disposal of business assets through expropriation, loss, destruction or damages with reinvestment in similar business capital assets.
- Transfers between spouses.
- Certain group reorganisation and asset-for-share exchanges.

Effective capital gains tax rates

Taxpayer	Maximum effective rate (%)	
	2014	2013
Individuals and special trusts	13.3	13.3
Other trusts	26.6	26.6
Companies		
• Ordinary	18.6	18.6
• Branch of foreign company	18.6	18.6
• Personal service provider company	18.6	18.6

Tax Administration Act penalties

With effect from the introduction of the Tax Administration Act on 1 October 2012, the following penalties may be imposed.

Understatement penalties*

Behaviour	Standard case	If obstructive /repeat case	Voluntary disclosure after notification of audit	Voluntary disclosure before notification of audit
Substantial understatement	25%	50%	5%	0%
Reasonable care not taken in completing return	50%	75%	25%	0%
No reasonable grounds for tax position taken	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

* Includes a default in submitting a return as well as an omission or an incorrect statement in the submission thereof.

Non-compliance penalties

Assessed loss or taxable income for proceeding year	Penalty
Assessed loss	R250 pm
R0 – R250 000	R250 pm
R250 001 – R500 000	R500 pm
R500 001 – R1 000 000	R1 000 pm
R1 000 001 – R5 000 000	R2 000 pm
R5 000 001 – R10 000 000	R4 000 pm
R10 000 001 – R50 000 000	R8 000 pm
Above R50 000 000	R16 000 pm

Value-added tax

Standard rate of 14% since 7 April 1993

Registration threshold

	Total value of taxable supplies for any 12 month period
Compulsory	R1 million
Voluntary	R50 000

Frequency of returns

Months	Total value of taxable supplies for any 12 month period
Bi-monthly	Up to R29 999 999
Monthly	From R30 million
4 monthly	Up to R1.5 million (only for small businesses)
6 monthly	Up to R1.5 million (only for farming businesses)
Annually	Only for inter-group letting or administration companies or trust funds

Other taxes, duties and levies

Securities Transfer Tax (STT)

Payable at a rate of 0.25% on the transfer of shares in companies incorporated in South Africa (listed and unlisted) and foreign companies listed on the South African stock exchange. STT is also payable on the transfer of a member's interest in a close corporation.

The blanket exemption for brokers has been abolished. Where beneficial ownership rests with the broker, share transfers are now taxed at an appropriate lower rate.

Skills Development Levy (SDL)

Payable at 1% of payroll (employers paying annual remuneration of less than R500 000 are exempt from SDL).

Unemployment Insurance Fund (UIF)

Rate of contribution is 1% by the employer and 1% by the employee, based on remuneration below a certain amount.

Withholding tax on royalties

Royalty payments to non-residents are subject to a final withholding tax of 12% (or a rate determined in a relevant agreement for the avoidance of double taxation).

Withholding tax on dividends

Dividends tax replaced STC on 1 April 2012. Dividends tax must be withheld at the rate of 15% on dividends that are paid or become payable except where the recipient is:

- A local company (no withholding tax).
- Certain foreign shareholders (may be a reduced rate depending on the Double Taxation Agreement).
- Certain exempt institutions.

STC credits carried forward from the STC regime at 1 April 2012 can be applied to reduce the dividends tax. Any unutilised credits will be forfeited after 3 years.

Estate duty (rate - 20%)

Tax base

- All property at date of death.
- Non-resident - property in South Africa.

Deductions

- Liabilities at date of death (including CGT due on death).
- Bequests to charitable, educational and religious institutions within South Africa.
- Property accruing (including bequests) to a surviving spouse.

Abatement

- Estate duty abatement R3,5 million. The unutilised portion can be carried over to the surviving spouse with a combined limit of R7 million.

Donations tax (rate - 20%)

On whom levied

- Donations made by South African resident individuals and companies.

Main exemptions

- Donations between spouses.
- Donations to approved scientific, cultural, educational or religious institutions.
- First R100 000 per year of assessment (natural persons only)
 - a husband and wife are each entitled to this exemption.
- Bona fide maintenance payments.
- Casual gifts by a donor other than a natural person - maximum R10 000 per tax year.

Transfer duty

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

Property value	Rates of tax
R0 – R600 000	0%
R600 001 – R1 000 000	3% on the value above R600 000
R1 000 001 – R1 500 000	R12 000 plus 5% on the value above R1 million
R1 500 001 and above	R37 000 plus 8% of the value above R1 500 000

Exchange control

Individuals

Individuals are entitled to an annual allowance of R5 million which does not require exchange control approval. The South African Reserve Bank will consider applications in excess of R5 million subject to conditions.

Corporates

No approval from the Financial Surveillance Department is required for companies wanting to invest R500 million or less (per year per application). However, authorised dealers will be required to ascertain if the company meets certain criteria. An important criteria in this regard is that the company must own at least 10% of the foreign company.

In the pipeline...

Retirement fund contributions

It is proposed that all contributions by employers to retirement funds will be treated as a fringe benefit and will be taxed in the hands of the employee.

To promote savings, the deductibility of such contributions will be increased to 27.5% of the greater of remuneration or taxable income (excluding retirement annuity or lump sum income). An annual cap on contributions of R350 000 will be applied.

Medical expenses

It is proposed that, effective 1 March 2014, the current deductions afforded to taxpayers in respect of medical expenses will be replaced by tax credits.

Withholding tax on interest, royalties and cross-border service fees

It is proposed that a withholding tax on interest and cross-border service fees be introduced at the rate of 15% effective 1 March 2014.

Furthermore, it is proposed that the withholding tax on royalties will be increased from 12% to 15% effective 1 March 2014.

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