



INDIVIDUAL – TAX RATES

Year of assessment ending 28 February 2017:

Taxable Income R	Rate of Tax R
0 – 188 000	18%
188 001 – 293 600	33 840 + 26%
293 601 – 406 400	61 296 + 31%
406 401 – 550 100	96 264 + 36%
550 101 – 701 300	147 996 + 39%
701 301 and above	206 964 + 41%

Tax Threshold	Below age 65	R75 000
	Age 65 to 74	R116 150
	Age 75 and over	R129 850

INDIVIDUAL – REBATES

Primary	R13 500
Secondary (persons 65 and over)	R7 407
Tertiary (persons 75 and over)	R2 466

Rebates are reduced proportionally where the period of assessment is less than 12 months.

INDIVIDUAL – EXEMPTIONS

Interest Income	
Below age 65	R23 800
Age 65 and over	R34 500

Interest received by or accrued to a non-resident is exempt from tax, unless that individual was present in South Africa for more than 183 days during the 12 month period before the interest is received or accrued, or the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

Dividend Income

South African dividends received by a taxpayer are exempt from normal tax.

Certain foreign dividends are exempt from normal tax. Taxable foreign dividends are subject to an exemption in the ratio of 26/41.

No deductions are allowed for expenditure to produce foreign dividends.

TAX FREE INVESTMENTS

Any amount received by or accrued to a natural person in respect of a tax free investment shall be exempt from normal tax.

Contributions are limited to an annual limit of R30 000 and a lifetime limit of R500 000.

MEDICAL SCHEME FEES TAX CREDIT

A natural person must deduct a credit from normal tax payable for contributions paid to a medical scheme of R286 each for the taxpayer and first dependant and R192 for each additional dependant per month.

ADDITIONAL MEDICAL EXPENSES TAX CREDIT

A natural person must deduct a credit from normal tax payable for additional medical expenses as follows:

Taxpayers over 65 or for persons with a disability 33,3% of [(fees paid to a medical scheme as exceeds three times the medical scheme fees tax credit) plus qualifying medical expenses].

Other taxpayers 25% of [(fees paid to a medical scheme as exceeds four times the medical scheme fees tax credit) plus qualifying medical expenses] as exceeds 7,5% of the person's taxable income).

INDIVIDUAL – DEDUCTIONS

Pension, Provident and Retirement Annuity Fund contributions

Total deduction limited to the lesser of:
R350 000; or
27,5% of the higher of

- remuneration excluding lump sum benefits, or
- taxable income excluding lump sum benefits before this deduction.

Any excess contributions are carried forward to the next year.

Donations

Donations to qualifying institutions are limited to 10% of taxable income before this deduction. Any excess shall be carried forward and be deemed to be a donation paid in the next year.

PROVISIONAL TAX

Due dates for payment of provisional tax:

Individuals	
First	31 August
Second	28 February
Third – taxable income > R50 000	30 September
Companies	
First	6 months from beginning of financial year
Second	Last day of the financial year
Third – taxable income > R20 000	6 months after end of financial year, or for February year end companies, 7 months after end of financial year

DONATIONS TAX

Rate of Tax 20%

The principle exemptions are:

Casual donations by a natural person per annum	R100 000
Casual donations by a juristic person per annum	R10 000
Donations between spouses	
Donations to certain institutions	
Bona fide contribution by donor towards the maintenance of any person	

SARS – INTEREST RATES

With effect from 1 February 2016, until change in the Repo rate:
Fringe Benefits "official rate of interest" 7,75%

With effect from 1 March 2016, until change in the PFMA rate:
Payable to SARS (non-deductible) 9,75%
Payable by SARS (taxable) 5,75%

TRAVELLING ALLOWANCE

With effect from 1 March 2016:

Value of vehicle	Fixed Cost	Fuel Cost	Maintenance Cost
R	R	c	c
0 – 80 000	26 675	82,4	30,8
80 001 – 160 000	47 644	92,0	38,6
160 001 – 240 000	68 684	100,0	42,5
240 001 – 320 000	87 223	107,5	46,4
320 001 – 400 000	105 822	115,0	54,5
400 001 – 480 000	125 303	132,0	64,0
480 001 – 560 000	144 784	136,5	79,5
560 001 and above	144 784	136,5	79,5

A deduction for business travelling expenses may only be claimed against the allowance if a log book is maintained.

No fuel cost may be claimed if the employee has not borne the full cost of fuel, and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (eg. if vehicle is covered by a maintenance plan).

Actual costs may be used instead of the tables.

80% of the allowance is subject to PAYE. However, only 20% of the allowance is subject to PAYE if the employer is satisfied that at least 80% of the use of the vehicle for the year of assessment will be for business purposes.

Where the distance travelled for business purposes does not exceed 8 000 kilometres per annum, no tax is payable on an allowance up to the rate of 329 cents per kilometre.

EMPLOYER CONTRIBUTIONS

Medical scheme

The taxable fringe benefit is the full medical scheme contributions paid by the employer to a medical scheme. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

Pension, Provident and Retirement Annuity Fund

The taxable fringe benefit is the full contributions paid by the employer to any pension fund, provident fund or retirement annuity fund. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

COMPANY CARS

Monthly taxable benefit:

- 3,5% of the determined value (incl. VAT)
- 3,25% if vehicle is subject to maintenance plan
- If acquired under operating lease, the cost incurred under the operating lease plus the cost of fuel

The value is reduced on assessment in the ratio of business travel to total travel.

Where employee bears full cost of licence or insurance or maintenance, then the value may be reduced on assessment by multiplying the cost by ratio of private travel to total travel, excluding vehicles acquired under an operating lease.

Where employee bears full cost of fuel for private use, then the value may be reduced on assessment by multiplying private kilometres travelled by fuel cost in travel allowance table, excluding vehicles acquired under an operating lease.

A log book must be maintained to qualify for a reduction of the value.

80% of the value is subject to PAYE. This may be reduced to 20% where at least 80% of use is for business purposes.

TRUST – TAX RATES

Year of assessment ending 28 February 2017

Rate of tax **41%**

Special trusts and testamentary trusts established for the benefit of minor children will be taxed at the individual tax rates.

VALUE-ADDED TAX

Standard rate **14%**

Registration Levels – Annual income from taxable goods and services:

< R50 000	Deregistration compulsory
≤ R1 000 000 > R50 000	Registration voluntary
> R1 000 000	Registration compulsory
> R30 000 000	Monthly returns

ESTATE DUTY

Rate of tax **20%**

Principle deductions:

Basic deduction – R3 500 000 plus the unused basic deduction of the pre-deceased spouse.

All property accruing to a surviving spouse.

Any claim arising out of the Matrimonial Properties Act.

CORPORATE TAX RATES

Normal tax

Companies

Year of assessment ending on or after 1 April 2016 **28%**

Small Business Corporations

Year of assessment ending on or after 1 April 2016

Taxable income	Rate of Tax
R	R
0 – 75 000	0%
75 001 – 365 000	7%
365 001 – 550 000	R20 300 + 21%
550 001 and above	R59 150 + 28%

Personal service provider companies

Year of assessment ending on or after 1 April 2016 **28%**

South African Branches of Foreign Companies

Year of assessment ending on or after 1 April 2016 **28%**

WITHHOLDING TAXES

Dividends

15%

The withholding tax is levied on any dividend paid by a company, subject to certain exemptions, including a South African company as the beneficial owner.

Royalties

15%

Final tax imposed on the gross amount of royalties from a South African source payable to foreign residents.

Interest

15%

Final tax imposed on interest from a South African source payable to non-residents, subject to certain exemptions including interest paid by a bank.

Foreign entertainers and sportspersons

15%

Disposal of immovable property by a non-resident

Non-resident individual	5%
Non-resident company	7,5%
Non-resident trust	10%

For all the withholdings taxes above there may be exemptions that apply, and in certain circumstances the tax rate may be reduced in terms of a tax treaty in place with the country of residence of the non-resident.

Service Fees

The final tax that was due to be introduced from 1 January 2017 is now proposed to be withdrawn from the Income Tax Act and dealt with under the provisions of reportable arrangements.

MICRO BUSINESSES

Sole proprietors, partnerships and incorporated businesses may elect to be taxed on a turnover based system. Year of assessment ending on or after 1 March 2016 up until 28 February 2017:

Taxable turnover	Tax liability
R	R
0 – 335 000	0%
335 001 – 500 000	0 + 1%
500 001 – 750 000	1 650 + 2%
750 001 – 1 000 000	6 650 + 3%

TRANSFER DUTY

The duty is payable on transactions which are not subject to VAT.

Rates applicable to all persons:

Property value	Rate of tax
R	R
0 – 750 000	0%
750 001 – 1 250 000	0 + 3%
1 250 001 – 1 750 000	15 000 + 6%
1 750 001 – 2 250 000	45 000 + 8%
2 250 001 – 10 000 000	85 000 + 11%
10 000 001 and above	937 500 + 13%

RESIDENCE BASIS OF TAXATION

Residents of South Africa are taxed on their world wide income. Non-residents may be taxed on South African source income.

Definition of Resident

Individuals

- Any person who is ordinarily resident in the Republic
- Any person who was physically present in South Africa for > 91 days per tax year for 6 consecutive tax years and was physically present for 915 days in aggregate during the first 5 years.

Companies

- Incorporated or effectively managed in South Africa, subject to exclusions.

Excluded from the definition of a resident is any person that is exclusively a resident of another country by virtue of an agreement for the avoidance of double taxation.

CAPITAL GAINS TAX

- Residents are subject to the tax on the disposal of their assets held worldwide, while non-residents are taxed on certain assets in South Africa.
- Gains accruing after 1 October 2001 will be subject to the tax, which will be levied on a realisation basis. Realisation occurs on disposal of an asset. Death, emigration and donation of an asset are deemed to be disposals.
- The first R40 000 a year of capital gain or loss realised by individuals will be excluded except in the year of death where such exclusion will be R300 000.
- The first R2 000 000 of capital gain or loss on the disposal of a primary residence will be excluded.
- Certain exemptions apply to personal use assets, assurance and retirement benefits, assets of a small business disposed of for retirement, compensation for personal injury, lottery receipts, foreign currency converted for personal use, diplomats and diplomatic missions, gains arising on assets donated to certain public-benefit organisations.
- Rollover relief is provided for assets in certain circumstances, e.g. certain transfers between spouses or involuntary disposals.
- Capital gains will be taxed with other income, with a portion of the net capital gain being included in taxable income, depending on the nature of the taxpayer.

The following rates will apply for disposal of assets in years of assessment commencing on or after 1 March 2016:

Taxpayer	Inclusion rate (%)	Effective rate of tax (%)
Individual	40	0 – 16,4
Trust		
Special	40	0 – 16,4
Other	80	32,8
Companies		
Ordinary	80	22,4
Small business corporation	80	0 – 22,4
Permanent establishment	80	22,4
Employment company	80	22,4
Life assurers		
Individual policyholder fund	40	12,0
Company policyholder fund	80	22,4
Untaxed policyholder fund	–	–
Corporate fund	80	22,4

The information contained herein is a précis of current legislation and budget proposals, is subject to change and should not be used as a substitute for detailed professional advice.

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