INDEPENDENT OFFICES IN SOUTHERN AFRICA

SOUTH AFRICA
Bloemfontein
46 First Avenue
Westdene, 9301
Tel: (051) 400 0500
Fax: (051) 400 0550

Cape Town
21st & 22nd Floors
2 Long Street
Cape Town, 8001
Tel: 0861 000 PKF
Tel: (021) 405 5340
Fax: (021) 405 5355

Durban
12 on Palm Boulevard
Gateway, 4319
Tel: (031) 573 5000
Fax: (031) 566 4666

George
124 Cradock Street
George, 6529
Tel: (044) 874 2320
Fax: (044) 873 6529

Johannesburg
42 Wierda Road West
Wierda Valley, 2196
Tel: (011) 384 8000
Fax: (011) 384 8008

Port Elizabeth
PKF House
27 Newton Street
Newton Park, 6045
Tel: (041) 398 5600
Fax: (041) 364 1110

Pretoria
434 Rigel Avenue South
Erasmusrand
Pretoria, 0181
Tel: 0861 753 782
Tel: (012) 347 3820
Fax: (012) 347 3737

Welkom
296 Stateway
Bedelia
Welkom, 9459
Tel: (057) 353 2601/2
Fax: (057) 353 2318

NAMIBIA
Windhoek
31 Feld Street
Windhoek, 9000
Tel: +26461 22 0662
Fax: +26461 22 0935

SWAZILAND
Manzini
1st Floor Swaki House
Mhlatukuvane Street
Manzini
Swaziland, M200
Tel: +268 2505 7079
Fax: +268 2505 4016

OUR SERVICES

Audit and corporate services
Auditing - external and internal
Accounting
Company secretarial services
Management consulting services
IT risk services

Tax planning and compliance
Corporate and personal taxation
International tax
Indirect tax

Integrated reporting
Preparation and strategic alignment
Data gathering, synthesis and writing
Report review and assurance

Corporate finance
Mergers, acquisitions and disposals
Financial and tax due diligence
Listings
Valuations
Regulatory support
Management buy-outs
Corporate restructuring
New business formations

Corporate governance
Compliance appraisal and manuals
Corporate governance review

Wealth management
Personal financial planning
Estate planning and administration
Wills and trusts

International and other services
Exchange control
BEE consulting and training
BEE verification
IT support
Recruitment
Liquidations

PKF International Limited is a global network of legally independent member firms, providing expertise in accounting and business advisory services in over 125 countries and is ranked as the seventh largest network in Africa.

PKF South Africa Inc is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. PKF in South Africa practise as separate incorporated entities.

This booklet is available on http://www.pkf.co.za

Printed and bound by Pinetown Printers Tel: 031 701 8019
1 **Retirement Savings Reforms**
An employer’s contribution to retirement funds on behalf of an employee will be treated as a taxable fringe benefit in the hands of the employee. Individuals will be allowed to deduct up to 27.5% of the higher of taxable income or employment income for contributions to pension, provident and retirement annuity funds with a maximum annual deduction of R350 000. Excess contributions will be carried forward.

2 **Non-Retirement Reforms**
Tax preferred savings and investment accounts will be introduced by April 2015 with an initial annual contribution limit of R30 000 and a lifetime limit of R500 000. Existing interest exemptions will be removed.

3 **Tax Clearance Certificates**
An automated tax clearance system will be implemented this year.

4 **Employment Incentive**
An employment incentive will be introduced through the tax system for first time job seekers.

5 **Gambling Tax**
A gambling tax was initially proposed in 2011. This will be implemented by the close of 2013 at the rate of 1% of gross gambling revenue.

6 **Withholding Taxes**
It has been proposed that cross-border withholding taxes be extended to include service fees as from 1 March 2014 and also that the implementation of changes already legislated for withholding tax on interest and royalties paid to non-residents be deferred to coincide with this date.

7 **Small Business Corporations**
Simplification of the tax requirements for small businesses has been proposed. The turnover threshold will increase from R14 million to R20 million and the graduated tax rate structure will be reviewed.

8 **Special Economic Zones**
Special economic zones will be established with a 15% corporate tax rate and an employment incentive allowance for employees earning less than R16 000 per annum.

9 **Trusts**
The tax treatment regarding the distribution of income and capital gains from trusts will be reviewed.

---

This booklet is published by FHPKF Publishers (Pty) Ltd for and on behalf of PKF chartered accountants & business advisers.

- All information contained herein is believed to be correct at the time of publication, 27 February 2013. The contents should not be used as a basis for action without further professional advice.
- While upmost care has been taken in the compilation of this publication no responsibility will be accepted for any inaccuracies, errors or omissions.
- The information incorporates commentary from the budget speech but the legislation finally enacted may differ considerably.
- Changes in rates of tax announced in the budget speech for the tax year 2014 become effective only once the legislation is enacted by Parliament.
- Copyright subsists in this work. No part of this work may be reproduced in any form or by any means without the publisher’s written permission.
INDEX

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Penalties</td>
<td>46</td>
</tr>
<tr>
<td>Arbitration Awards</td>
<td>16</td>
</tr>
<tr>
<td>Assessed Losses Ring-fenced</td>
<td>37</td>
</tr>
<tr>
<td>Body Corporates</td>
<td>41</td>
</tr>
<tr>
<td>Bond/Instalment Repayments</td>
<td>34</td>
</tr>
<tr>
<td>Broad-Based Employee Equity</td>
<td>9</td>
</tr>
<tr>
<td>Budget Proposals</td>
<td>1</td>
</tr>
<tr>
<td>Bursaries and Scholarships</td>
<td>9</td>
</tr>
<tr>
<td>Capital Gains Tax</td>
<td>22</td>
</tr>
<tr>
<td>Capital Incentive Allowances</td>
<td>19</td>
</tr>
<tr>
<td>Connected Persons</td>
<td>27</td>
</tr>
<tr>
<td>Corporate Transactions</td>
<td>25</td>
</tr>
<tr>
<td>Deductions - Donations</td>
<td>41</td>
</tr>
<tr>
<td>Deductions - Employees</td>
<td>11</td>
</tr>
<tr>
<td>Deductions - Retirement</td>
<td>12</td>
</tr>
<tr>
<td>Deductions - Travel Expenses</td>
<td>17</td>
</tr>
<tr>
<td>Deemed Capital - Disposal of Shares</td>
<td>27</td>
</tr>
<tr>
<td>Deemed Employees</td>
<td>8</td>
</tr>
<tr>
<td>Directors - PAYE</td>
<td>27</td>
</tr>
<tr>
<td>Dividends Tax</td>
<td>3</td>
</tr>
<tr>
<td>Donations Tax</td>
<td>47</td>
</tr>
<tr>
<td>Double Taxation Agreements and Withholding Taxes</td>
<td>30</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>4</td>
</tr>
<tr>
<td>Environmental Expenditure</td>
<td>39</td>
</tr>
<tr>
<td>Estate Duty</td>
<td>47</td>
</tr>
<tr>
<td>Exchange Control Regulations</td>
<td>38</td>
</tr>
<tr>
<td>Executors Remuneration</td>
<td>47</td>
</tr>
<tr>
<td>Exemptions - Individuals</td>
<td>11</td>
</tr>
<tr>
<td>Farming Income</td>
<td>40</td>
</tr>
<tr>
<td>Foreign Companies/Branch Tax</td>
<td>4</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>14</td>
</tr>
<tr>
<td>Headquarter Company</td>
<td>32</td>
</tr>
<tr>
<td>Hotel Allowances</td>
<td>18</td>
</tr>
<tr>
<td>Industrial Policy Projects</td>
<td>26</td>
</tr>
<tr>
<td>Interest Rates - Changes</td>
<td>35</td>
</tr>
<tr>
<td>IRP 5 Codes</td>
<td>42</td>
</tr>
<tr>
<td>IT 14 Source Codes</td>
<td>44</td>
</tr>
<tr>
<td>Learnership Allowance</td>
<td>26</td>
</tr>
<tr>
<td>Married in Community of Property</td>
<td>46</td>
</tr>
<tr>
<td>Medical Aid Rebates/Credits</td>
<td>5</td>
</tr>
<tr>
<td>Medical Expense Deduction/Credit</td>
<td>13</td>
</tr>
<tr>
<td>National Credit Act</td>
<td>44</td>
</tr>
<tr>
<td>Non-Residents</td>
<td>32</td>
</tr>
<tr>
<td>Official Interest Rates/Penalties</td>
<td>34</td>
</tr>
<tr>
<td>Patent/Intellectual Property</td>
<td>37</td>
</tr>
<tr>
<td>Pre-Paid Expenditure</td>
<td>25</td>
</tr>
<tr>
<td>Pre-Production Interest</td>
<td>9</td>
</tr>
<tr>
<td>Pre-Trading Expenditure</td>
<td>9</td>
</tr>
<tr>
<td>Prime Overdraft Rates</td>
<td>35</td>
</tr>
<tr>
<td>Provisional Tax</td>
<td>10</td>
</tr>
<tr>
<td>Public Benefit Organisations</td>
<td>41</td>
</tr>
<tr>
<td>Recreational Clubs</td>
<td>41</td>
</tr>
<tr>
<td>Reinvestment Relief</td>
<td>25</td>
</tr>
<tr>
<td>Relocation of an Employee</td>
<td>18</td>
</tr>
<tr>
<td>Research and Development</td>
<td>25</td>
</tr>
<tr>
<td>Residence Based Taxation</td>
<td>28</td>
</tr>
<tr>
<td>Residential Building Allowances</td>
<td>18</td>
</tr>
<tr>
<td>Retraction of Trade</td>
<td>9</td>
</tr>
<tr>
<td>Retention of Documents and Records</td>
<td>48</td>
</tr>
<tr>
<td>Retirement Lump Sum Benefits</td>
<td>12</td>
</tr>
<tr>
<td>Royalties to Non-Residents</td>
<td>31</td>
</tr>
<tr>
<td>Securities Transfer Tax</td>
<td>27</td>
</tr>
<tr>
<td>Skills Development Levy</td>
<td>41</td>
</tr>
<tr>
<td>Small Business Corporations</td>
<td>7</td>
</tr>
<tr>
<td>Secondary Tax on Companies</td>
<td>4</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>27</td>
</tr>
<tr>
<td>Strategic Allowances</td>
<td>22</td>
</tr>
<tr>
<td>Subsistence Allowances</td>
<td>16</td>
</tr>
<tr>
<td>Suspension of Payment</td>
<td>46</td>
</tr>
<tr>
<td>Tax Administration Bill</td>
<td>45</td>
</tr>
<tr>
<td>Tax Clearance Certificates</td>
<td>45</td>
</tr>
<tr>
<td>Tax Rates - Companies</td>
<td>4</td>
</tr>
<tr>
<td>Tax Rates - Individuals</td>
<td>5</td>
</tr>
<tr>
<td>Tax Rates - Trusts</td>
<td>6</td>
</tr>
<tr>
<td>Tax Rebates</td>
<td>5</td>
</tr>
<tr>
<td>Tax Thresholds</td>
<td>5</td>
</tr>
<tr>
<td>Transfer Duty</td>
<td>33</td>
</tr>
<tr>
<td>Travel Allowances</td>
<td>16</td>
</tr>
<tr>
<td>Trusts - Losses</td>
<td>6</td>
</tr>
<tr>
<td>Turnover Tax - Micro Businesses</td>
<td>6</td>
</tr>
<tr>
<td>Understatement Penalty Table</td>
<td>45</td>
</tr>
<tr>
<td>Unquantified Proceeds</td>
<td>33</td>
</tr>
<tr>
<td>Value-Added Tax</td>
<td>36</td>
</tr>
<tr>
<td>Variable Remuneration</td>
<td>17</td>
</tr>
<tr>
<td>VAT Relief for Developers</td>
<td>37</td>
</tr>
<tr>
<td>VAT Relief Inter-group</td>
<td>37</td>
</tr>
<tr>
<td>Venture Capital Investments</td>
<td>26</td>
</tr>
<tr>
<td>Voluntary Disclosure Programme</td>
<td>45</td>
</tr>
<tr>
<td>Wear and Tear Allowances</td>
<td>20</td>
</tr>
<tr>
<td>Withdrawal Lump Sum Benefits</td>
<td>12</td>
</tr>
<tr>
<td>Withholding Tax on Interest</td>
<td>32</td>
</tr>
</tbody>
</table>
As from 1 April 2012, Dividends Tax became applicable to all South African resident companies as well as non-resident companies listed on the JSE. Dividends Tax is borne by the shareholder at a rate of 15% (subject to any reduction in terms of a double taxation agreement). Tax on dividends in specie remains the liability of the company declaring the dividend.

Exemptions from Dividends Tax
The following shareholders are exempt from Dividends Tax: South African resident companies, the Government, PBO’s, certain exempt bodies, closure rehabilitation trusts, pension, provident and similar funds, shareholders in a registered micro business (provided the dividend does not exceed R200 000 in that year of assessment), and a non-resident receiving a dividend from a non-resident company which is listed on the JSE, i.e. a dual-listed company. The same exemptions apply in respect of dividends in specie.

Withholding Tax Obligations
In respect of dividends, other than dividends in specie, the company declaring the dividend is required to withhold the Dividends Tax on payment. Liability for withholding tax shifts if the dividend is paid to a regulated intermediary which includes central securities depository participants, brokers, collective investment schemes, approved transfer secretaries and listed investment service providers. Dividends Tax can be eliminated or reduced upon the timely receipt of a written declaration that the shareholder is either entitled to an exemption or to double taxation agreement relief and a written undertaking from the shareholder that the company will be informed should there be a change in status. In the case of dividends in specie there is no withholding obligation as the tax remains a liability of the company declaring the dividend. However, the Dividends Tax may similarly be eliminated or reduced on timely receipt of the relevant declarations and undertakings.

STC Credits
STC credits must be used on or before 1 April 2015. STC credits will be exhausted first. All companies were deemed to have declared a dividend of nil on 31 March 2012 in order to ascertain the STC credits that would be available for set-off from 1 April 2012.

Revised Dividend Definition
As from 1 January 2011, the definition of a dividend has been simplified and includes all distributions to a shareholder other than, amongst others, a reduction of contributed tax capital (which consists of untainted share premium and share capital of a company), capitalisation issues and a general share buy-back by a JSE listed company.

In order for a distribution of contributed tax capital not to be regarded as a dividend the directors must, immediately prior to the distribution, record in writing that contributed tax capital is being distributed.

Interest-Free Loans
There is a deemed dividend implication where a low interest or interest-free loan or advance is made by a company to a resident natural person or trust which is connected to the company or to a person (other than a company) who is connected to such natural person or trust. The deemed dividend is calculated by applying to the loan or advance the difference between the official interest rate and the rate charged by the company.
### Income Tax

For years of assessment ending during the following periods:

<table>
<thead>
<tr>
<th>Period</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 1994 - 31 March 1999</td>
<td>35%</td>
</tr>
<tr>
<td>1 April 1999 - 31 March 2005</td>
<td>30%</td>
</tr>
<tr>
<td>1 April 2005 - 31 March 2008</td>
<td>29%</td>
</tr>
<tr>
<td>1 April 2008 - 31 March 2014</td>
<td>28%</td>
</tr>
</tbody>
</table>

### SA Income - Foreign Company/Branch Tax

For years of assessment ending during the following periods:

<table>
<thead>
<tr>
<th>Period</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 1996 - 31 March 1999</td>
<td>40%</td>
</tr>
<tr>
<td>1 April 1999 - 31 March 2005</td>
<td>35%</td>
</tr>
<tr>
<td>1 April 2005 - 31 March 2008</td>
<td>34%</td>
</tr>
<tr>
<td>1 April 2008 - 31 March 2012</td>
<td>33%</td>
</tr>
<tr>
<td>1 April 2012 - 31 March 2014</td>
<td>28%</td>
</tr>
</tbody>
</table>

### Secondary Tax on Companies

<table>
<thead>
<tr>
<th>Dividend Period</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend declared between 17 March 1993 and 21 June 1994</td>
<td>15%</td>
</tr>
<tr>
<td>Dividend declared between 22 June 1994 and 13 March 1996</td>
<td>25%</td>
</tr>
<tr>
<td>Dividend declared between 14 March 1996 and 30 September 2007</td>
<td>12.5%</td>
</tr>
<tr>
<td>Dividend declared between 1 October 2007 and 31 March 2012</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Dividend Tax

Dividend declared from 1 April 2012 15%

### EFFECTIVE TAX RATE

<table>
<thead>
<tr>
<th>Tax year</th>
<th>2012</th>
<th>2013</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Taxable income</td>
<td>100,00</td>
<td>100,00</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td>Less: Normal tax</td>
<td>28,00</td>
<td>28,00</td>
<td>28,00</td>
<td>28,00</td>
</tr>
<tr>
<td>Available for distribution</td>
<td>72,00</td>
<td>72,00</td>
<td>72,00</td>
<td>72,00</td>
</tr>
<tr>
<td>Less: Dividend</td>
<td>65,45</td>
<td>65,45</td>
<td>72,00</td>
<td>72,00</td>
</tr>
<tr>
<td>Less: STC</td>
<td>6,55</td>
<td>6,55</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Retained</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total tax</td>
<td>34,55</td>
<td>34,55</td>
<td>38,80</td>
<td>38,80</td>
</tr>
<tr>
<td>Normal tax</td>
<td>28,00</td>
<td>28,00</td>
<td>28,00</td>
<td>28,00</td>
</tr>
<tr>
<td>STC</td>
<td>6,55</td>
<td>6,55</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Dividends Tax</td>
<td>n/a</td>
<td>n/a</td>
<td>10,80</td>
<td>10,80</td>
</tr>
<tr>
<td>Effective rate</td>
<td>34,55%</td>
<td>34,55%</td>
<td>38,80%</td>
<td>38,80%</td>
</tr>
</tbody>
</table>

Assumes all profits are declared as a dividend.
### TAX RATES
#### INDIVIDUALS - 2013

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R160 000</td>
<td>18% of each R1</td>
</tr>
<tr>
<td>R160 001 - R250 000</td>
<td>R28 800 + 25% of the amount over R160 000</td>
</tr>
<tr>
<td>R250 001 - R346 000</td>
<td>R51 300 + 30% of the amount over R250 000</td>
</tr>
<tr>
<td>R346 001 - R484 000</td>
<td>R80 100 + 35% of the amount over R346 000</td>
</tr>
<tr>
<td>R484 001 - R617 000</td>
<td>R128 400 + 38% of the amount over R484 000</td>
</tr>
<tr>
<td>R617 001 +</td>
<td>R178 940 + 40% of the amount over R617 000</td>
</tr>
</tbody>
</table>

### TAX RATES
#### INDIVIDUALS - 2014

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R165 600</td>
<td>18% of taxable income</td>
</tr>
<tr>
<td>R165 601 - R258 750</td>
<td>R29 808 + 25% of the amount over R165 600</td>
</tr>
<tr>
<td>R258 751 - R358 110</td>
<td>R53 096 + 30% of the amount over R258 750</td>
</tr>
<tr>
<td>R358 111 - R500 940</td>
<td>R82 904 + 35% of the amount over R358 110</td>
</tr>
<tr>
<td>R500 941 - R638 600</td>
<td>R132 894 + 38% of the amount over R500 940</td>
</tr>
<tr>
<td>R638 601 +</td>
<td>R185 205 + 40% of the amount over R638 600</td>
</tr>
</tbody>
</table>

### TAX
#### THRESHOLDS

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons under 65</td>
<td>R 63 556</td>
<td>R 67 111</td>
</tr>
<tr>
<td>Persons 65 and under 75</td>
<td>R 99 056</td>
<td>R104 611</td>
</tr>
<tr>
<td>Persons 75 and over</td>
<td>R110 889</td>
<td>R117 111</td>
</tr>
</tbody>
</table>

### TAX
#### REBATES

<table>
<thead>
<tr>
<th>Amounts deductible from the tax payable</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons under 65</td>
<td>R11 440</td>
<td>R12 080</td>
</tr>
<tr>
<td>Persons 65 and under 75</td>
<td>R17 830</td>
<td>R18 830</td>
</tr>
<tr>
<td>Persons 75 and over</td>
<td>R19 960</td>
<td>R21 080</td>
</tr>
</tbody>
</table>

These rebates are only available to individuals.

### MEDICAL AID
#### REBATES/CREDITS

<table>
<thead>
<tr>
<th>Monthly amounts deductible from tax payable</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons under 65</td>
<td>R230</td>
<td>R242</td>
</tr>
<tr>
<td>Persons under 65 with one dependant</td>
<td>R460</td>
<td>R484</td>
</tr>
<tr>
<td>Persons under 65 with two dependants</td>
<td>R614</td>
<td>R646</td>
</tr>
</tbody>
</table>

Each additional dependant qualifies for a further rebate or credit of R162 (2013 : R154) per month.
### TRUSTS

**MICROS LOSSES**

A deceased’s estate can be established from a special trust, which is one created solely for the benefit of a person affected by a mental illness or serious physical disability which prevents that person from earning sufficient income to maintain himself, or a testamentary trust established solely for the benefit of minor children who are related to the deceased. Where the person for whose benefit the trust was established dies prior to or on the last day of the year of assessment or the youngest beneficiary, in the case of a testamentary trust, turns 18 (2013: 21) years of age prior to or on the last day of the year of assessment, the trust will no longer be regarded as a special trust.

### TURNOVER TAX

**MICRO BUSINESSES**

As from 1 March 2009, a simplified turnover-based tax system was introduced for small sole proprietors, partnerships and incorporated businesses with a turnover of less than R1 million per year.

This system is elective. With effect from years of assessment commencing 1 March 2012, a micro business can voluntarily exit the system at the end of any year of assessment. However, once out of the system the taxpayer will not be permitted to re-enter. Prior to this, a three year lock-in period existed for exit and re-entry into the system. Personal services rendered under employment-like conditions and certain professional services are excluded from this system to which the following rates apply:

#### Years of assessment ending between 1 April 2012 and 31 March 2013

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 150 000</td>
<td>Nil</td>
</tr>
<tr>
<td>R150 001 - R 300 000</td>
<td>1% of the amount over R 150 000</td>
</tr>
<tr>
<td>R300 001 - R 500 000</td>
<td>R 1 500 + 2% of the amount over R 300 000</td>
</tr>
<tr>
<td>R500 001 - R 750 000</td>
<td>R 5 500 + 4% of the amount over R 500 000</td>
</tr>
<tr>
<td>R750 001 - R1 000 000</td>
<td>R 15 500 + 6% of the amount over R 750 000</td>
</tr>
</tbody>
</table>

#### Years of assessment ending between 1 April 2013 and 31 March 2014

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 150 000</td>
<td>Nil</td>
</tr>
<tr>
<td>R150 001 - R 300 000</td>
<td>1% of the amount over R 150 000</td>
</tr>
<tr>
<td>R300 001 - R 500 000</td>
<td>R 1 500 + 2% of the amount over R 300 000</td>
</tr>
<tr>
<td>R500 001 - R 750 000</td>
<td>R 5 500 + 4% of the amount over R 500 000</td>
</tr>
<tr>
<td>R750 001 - R1 000 000</td>
<td>R 15 500 + 6% of the amount over R 750 000</td>
</tr>
</tbody>
</table>
Years of assessment ending between 1 April 2012 and 31 March 2013

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 63 556</td>
<td>Nil</td>
</tr>
<tr>
<td>R 63 557 - R350 000</td>
<td>7% of the amount over R 63 556</td>
</tr>
<tr>
<td>R350 001 +</td>
<td>R20 051 + 28% of the amount over R350 000</td>
</tr>
</tbody>
</table>

Years of assessment ending between 1 April 2013 and 31 March 2014

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 67 111</td>
<td>Nil</td>
</tr>
<tr>
<td>R 67 112 - R365 000</td>
<td>7% of the amount over R 67 111</td>
</tr>
<tr>
<td>R365 001 - R550 000</td>
<td>R20 852 + 21% of the amount over R365 000</td>
</tr>
<tr>
<td>R550 001 +</td>
<td>R59 702 + 28% of the amount over R550 000</td>
</tr>
</tbody>
</table>

Applies if:
- All shareholders or members throughout the year of assessment are natural persons who hold no shares in any other private companies or members’ interests in any other close corporations or co-operatives other than those which:
  - are inactive and have assets of less than R5 000; or
  - have taken steps to liquidate, wind-up or deregister (effective for years of assessment commencing on or after 1 January 2011).
- Gross income for the year of assessment does not exceed R20 million (2013: R14 million)
- Not more than 20% of the gross income and all the capital gains consists collectively of investment income and income from rendering a personal service.

Investment income includes any annuity, interest, rental income, royalty or any income of a similar nature, local dividends, foreign dividends (from 1 April 2012) and any proceeds derived from investment or trading in financial instruments (including futures, options and other derivatives), marketable securities or immovable property.

Personal service includes any service in the field of accounting, actuarial science, architecture, auctioneering, auditing, broadcasting, consulting, draughtsmanship, education, engineering, financial service broking, health, information technology, journalism, law, management, real estate broking, research, sport, surveying, translation, valuation or veterinary science, which is performed personally by any person who holds an interest in the company, co-operative or close corporation, except where such small business corporation employs three or more unconnected full-time employees for core operations throughout the year of assessment.

- The company, close corporation or co-operative is not an employment entity.

Investment incentive
The full cost of any asset used in a process of manufacture and brought into use for the first time on or after 1 April 2001, may be deducted in the tax year in which the asset is brought into use. As from 1 April 2005, all other depreciable assets are written off on a 50:30:20 basis.
Labour brokers and personal service providers are regarded as deemed employees.

For years of assessment commencing on or after 1 March 2009:

- **A labour broker** is a natural person who, for reward, provides a client with other persons to render a service for the client or procures other persons for the client and remunerates such persons

- **A personal service provider** is a company, close corporation or trust where any service rendered on behalf of the entity to its client is rendered personally by any person who is a connected person in relation to such entity, and one of the following provisions apply:
  - the person would have been regarded as an employee of the client, if the service was not rendered through an entity; or
  - the person or entity rendering the service must perform such service mainly at the premises of the client and such person or entity is subject to the control or supervision of such client as to the manner in which the duties are performed; or
  - more than 80% of the income derived from services rendered is received from one client or associated person in relation to the client

- The entity will, however, not be regarded as a **personal service provider** where such entity employs three or more unconnected full-time employees for core operations throughout the year of assessment.

**Implications**

- A labour broker not in possession of an exemption certificate is subject to PAYE on income received at the rates applicable to individual taxpayers. Deductible expenditure is limited to remuneration paid to employees

- A personal service provider is subject to PAYE at the rate of 28% (2012: 33%) in the case of a company and 40% in the case of a trust

- No PAYE is required to be deducted where the entity provides an affidavit confirming that it does not receive more than 80% of its income from one source

- The deemed employee may apply to SARS for a tax directive for a lower rate of tax to be applied

- Deductions available to personal service providers are limited to remuneration to employees, contributions to pension, provident and benefit funds, legal expenses, bad debts, expenses in respect of premises, finance charges, insurance, repairs, fuel and maintenance in respect of assets used wholly and exclusively for trade and any amount previously included in taxable income and subsequently refunded by the recipient.
The deduction of expenditure and losses incurred in connection with, but prior to the commencement of, trade is allowed, provided the expenditure and losses, including section 24J interest, would have been deductible had the trade commenced. Such expenditure and losses are ring-fenced and can only be set-off against income from that trade. The balance is carried forward and can be claimed in a subsequent year of assessment.

Prior to 1 January 2012, interest and related finance charges incurred on any borrowing for the acquisition, installation, erection or construction of any machinery, plant, building or improvements to a building or other assets, including land, were deductible when the asset was brought into use in the production of income. Such expenses are now deductible as pre-trading expenditure.

Bona fide scholarships or bursaries granted to enable any person to study at a recognised educational institution are exempt from tax. Where the benefit is granted to an employee, the exemption will not apply unless the employee agrees to reimburse the employer in the event that the studies are not completed. Where the beneficiary is a relative of the employee, the exemption will only apply if the annual remuneration of the employee is less than R200 000 (2013 : R100 000) and to the extent that the bursary does not exceed R30 000 (2013 : R10 000) in respect of higher education and R10 000 (2013 : R10 000) for basic education.

Employer companies may issue qualifying shares up to a cumulative limit of R50 000 (2008 : R9 000) per employee in respect of the current tax year and the immediately preceding four (2008 : two) tax years. A tax deduction limited to a maximum of R10 000 (2008 : R3 000) per year per employee will be allowed in the employer’s hands. There are no tax consequences for the employee, other than CGT, provided that the employee does not sell the shares for at least five years.

Gross Income
Any amount received by or accrued to any natural person, labour broker or personal service provider for a restraint of trade imposed on such person, is included in the recipient’s gross income in the year of receipt or accrual.

Deduction
Where an expense was incurred in respect of a restraint of trade imposed on any person, the deduction, in a year of assessment, is limited to the lesser of:

• the expense apportioned over the period for which the restraint applies; or
• one-third of the amount incurred per year.

No deduction is allowed where the expense did not constitute income in the hands of the recipient.
All provisional taxpayers are required to submit two provisional tax returns a year. A third voluntary payment may be made to avoid interest being charged.

First Year of Assessment
Where a taxpayer has not been assessed previously, a reasonable estimate of the taxable income must be made. The basic amount cannot be estimated at nil, unless fully motivated.

First Payment
One half of the total tax in respect of the estimated taxable income for the year is payable within six months of the beginning of the year of assessment. The estimate of taxable income may not be less than the basic amount without the consent of SARS.

Second Payment
A two-tier system applies depending on the taxpayer’s taxable income:

- **Actual taxable income of R1 million or less**
  To avoid any additional tax the basic amount, as defined, can be used.
  If a lower estimate is used, the estimate must be within 90% of the taxable income finally assessed.

- **Actual taxable income exceeds R1 million**
  To avoid any additional tax the estimate must be within 80% of the taxable income, excluding retirement fund lump sums, finally assessed.

If the above requirements are not met, additional tax of 20% of the provisional tax underpaid will be imposed.

Third Payment
Third provisional payments are only applicable to individuals and trusts with taxable income in excess of R50 000 and companies and close corporations with taxable income in excess of R20 000. Such payments must be made before 30 September in the case of a taxpayer with a February year end and within six months of other year ends to avoid interest being charged.

Basic Amount
The basic amount is the taxable income of the latest preceding year of assessment, increased by 8% p.a., if that assessment is more than a year old.

Permissable Reductions in the Basic Amount
Capital gains and retirement fund lump sums are not included in the basic amount. However, if an estimate lower than the basic amount is used, capital gains must be included in the estimate.
Capital gains must be included in the second provisional tax estimate if the taxable income is expected to exceed R1 million.

Estimates
SARS has the right to increase any provisional tax estimate, even if based on the basic amount, to an amount considered reasonable.

Persons over 65 years
Persons over 65 years, excluding directors of companies and members of close corporations, whose taxable income does not exceed R120 000 (2009: R80 000) are exempt from provisional tax, provided that such income consists exclusively of remuneration, rental, interest or foreign dividends.

Persons under 65 years
Persons under 65 years who do not carry on business and whose taxable income does not exceed the tax threshold or whose interest, foreign dividends and rental income do not exceed R20 000 (2008: R10 000) are exempt from provisional tax.
EXEMPTIONS

• Dividends received or accrued from South African companies or JSE dual listed non-resident companies are generally not subject to income tax.
• Interest received by or accrued to non-residents is exempt from normal tax unless the individual was physically present in South Africa for a period exceeding 183 days in aggregate or carried on business through a permanent establishment in South Africa at any time during the twelve month period prior to date of receipt or accrual (up to 30 June 2013: during the year of assessment).
• South African sourced interest received by natural persons:
  Persons under 65 years  R23 800  (2013 : R22 800)
  Persons 65 years and older  R34 500  (2013 : R33 000)
Interest includes distributions from property unit trusts as well as foreign interest.
• As from 1 March 2012, the foreign interest and dividend exemption (2012 : R3 700) falls away. The foreign dividend exemption is replaced by a formula whereby the maximum effective rate of taxation is 15%.
• Unemployment insurance benefits.
• Road Accident Fund payouts as from 1 March 2012.

Termination Lump Sum from Employer
As from 1 March 2011, employer provided severance payments for reasons of age, ill health and retrenchment are aligned with the taxation of lump sum benefits, including the R315 000 (2011 : R300 000) tax free limit. In the case of retrenchment this concession does not apply where that person at any time held an interest of more than 5% in that entity.

Compensation
As from 1 March 2007, compensation awards paid by an employer on the death of an employee in the course of employment are exempt to the extent of R300 000. As from 1 March 2011, previous retrenchment exemptions are no longer set-off against this amount.

DEDUCTIONS

Salaried employees or holders of office are restricted to the following deductions from their remuneration:
• Bad debts allowance
• Pension or retirement annuity fund contributions
• Donations to certain PBO’s
• Doubtful debts allowance
• Home office expenses, subject to certain requirements
• Legal expenses
• Medical aid fund contributions and other qualifying medical expenses
• Premiums paid in terms of an allowable insurance policy
  - to the extent that the policy covers the person against loss of income as a result of illness, injury, disability or unemployment, and
  - in respect of which all amounts payable in terms of the policy constitute income as defined
• Refunded awards for services rendered and refunded restraint of trade awards as from 1 March 2008
• Wear and tear allowance.
Current Pension Fund Contributions
Limited to 7.5% of remuneration from retirement-funding employment or R1 750, whichever is the greater. Remuneration from retirement-funding employment refers to income which is taken into account to determine contributions to a pension or provident fund.
Excess contributions are not carried forward to the next year of assessment but are accumulated for the purpose of determining the tax-free portion of the lump sum upon retirement.

Arrear Pension Fund Contributions
Up to a maximum of R1 800 per year. Any excess may be carried forward.

Current Retirement Annuity Fund Contributions
Limited to 15% of taxable income from non-retirement-funding employment excluding any retirement fund lump sum benefits, or R3 500 less current contributions to a pension fund, or R1 750, whichever is the greater. Any excess may be carried forward.

Reinstated Retirement Annuity Fund Contributions
Up to a maximum of R1 800 per year. Any excess may be carried forward.

Income Protection Contributions
Insurance premiums paid on income protection policies to the extent that such amounts received under the policy constitute income as defined.

LUMP SUM BENEFITS

As from 1 October 2007, the taxable portion of a lump sum from a pension, provident or retirement annuity fund on retirement or death is the lump sum less any contributions that have not been allowed as a tax deduction plus the taxable portion of all lump sums previously received. As from 1 March 2011, certain severance benefits are also taxed in terms of this table. This amount is subject to tax at the following rates less any tax previously paid:

<table>
<thead>
<tr>
<th>Taxable portion of lump sum</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R315 000</td>
<td>0%</td>
</tr>
<tr>
<td>R315 001 - R630 000</td>
<td>18% of the amount over R315 000</td>
</tr>
<tr>
<td>R630 001 - R945 000</td>
<td>R 56 700 + 27% of the amount over R630 000</td>
</tr>
<tr>
<td>R945 001 +</td>
<td>R141 750 + 36% of the amount over R945 000</td>
</tr>
</tbody>
</table>

The taxable lump sum cannot be set-off against any assessed loss of the taxpayer.

As from 1 March 2009, the taxable portion of a pre-retirement lump sum from a pension or provident fund is the amount withdrawn less any transfer to a new fund plus all withdrawal lump sums previously received. This amount is subject to tax at the following rates less any tax previously paid:

<table>
<thead>
<tr>
<th>Taxable portion of withdrawal</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 22 500</td>
<td>0%</td>
</tr>
<tr>
<td>R 22 501 - R600 000</td>
<td>18% of the amount over R 22 500</td>
</tr>
<tr>
<td>R600 001 - R900 000</td>
<td>R103 950 + 27% of the amount over R600 000</td>
</tr>
<tr>
<td>R900 001 +</td>
<td>R184 950 + 36% of the amount over R900 000</td>
</tr>
</tbody>
</table>
2013 and 2014 Tax Years

- **65 years and older**
  Medical aid contributions paid by the taxpayer or employer and other qualifying medical expenses may be claimed as a deduction against taxable income

- **Younger than 65 years**
  - Medical aid contributions may be claimed as a **medical scheme fees tax credit** against tax payable as follows:
    - R242 (2013 : R230) per month each for the taxpayer and the first dependant
    - R162 (2013 : R154) per month for each additional dependant
  - A deduction may be claimed against taxable income in respect of:
    - so much of the medical aid contributions paid by the taxpayer or employer as exceeds four times the **medical scheme fees tax credit** and other qualifying medical expenses
  - The amount claimed is limited to the extent that it exceeds 7.5% of taxable income before this deduction and any retirement fund lump sum benefit or severance benefit

- **Younger than 65 years if an immediate family member has a disability**
  - Medical aid contributions may be claimed as a **medical scheme fees tax credit** against tax payable as above
  - Excess contributions and other qualifying medical expenses may be deducted against taxable income, as above, but without the 7.5% limit.

2015 Tax Year

- **65 years and older and younger than 65 years if an immediate family member has a disability**
  Medical aid contributions may be claimed as a **medical scheme fees tax credit** against tax payable as above.
  Excess contributions and other qualifying medical expenses may be claimed as an **additional medical expenses tax credit** calculated as follows:
  - \(((\text{Medical aid contributions} - (\text{medical scheme fees tax credit} \times 3)) + \text{other qualifying medical expenses})\) divided by a factor of 3.

- **Younger than 65 years**
  Medical aid contributions may be claimed as a **medical scheme fees tax credit** against tax payable as above.
  Excess contributions and other qualifying medical expenses may be claimed as an **additional medical expenses tax credit** calculated as follows:
  - The amount by which the formula \(((\text{medical aid contributions} - (\text{medical scheme fees tax credit} \times 4)) + \text{other qualifying medical expenses})\) exceeds 7.5% of taxable income, divided by a factor of 4.

Other qualifying medical expenses include:

- payments to medical practitioners, nursing homes and hospitals
- payments to pharmacists for prescribed medicines
- payments for physical disabilities, including remedial teaching and expenditure incurred for mentally handicapped persons.

Disability means a moderate to severe limitation of a person’s ability to function or perform daily activities as a result of physical, sensory, communication, intellectual or mental impairment, if the limitation lasts more than a year and is diagnosed by a registered medical practitioner.

Recovery of expenses (including amounts received from a medical aid savings account) reduces the claim.

Expenditure paid by a taxpayer on behalf of a spouse or child must be claimed by the taxpayer who paid the expense.
Use of Company Provided Motor Vehicle
For vehicles acquired or financed, the determined value for the fringe benefit is the cash cost including VAT but excluding finance charges and interest. The employee will be taxed on 3.5% (2011: 2.5%) per month of the determined value of the motor vehicle less any consideration paid by the employee towards the cost of the vehicle.

The fringe benefit is reduced to 3.25% if, at the time acquired, the vehicle is subject to a maintenance plan for no less than three years and/or 60 000 kilometres.

As from 1 March 2013, for vehicles acquired under an operating lease, the value of the fringe benefit is based on the rental and fuel cost to the employer.

Where an employee is given the use of more than one vehicle and can show that each vehicle is used primarily for business purposes, the value placed on the private use of all the vehicles is determined according to the value attributed to the vehicle carrying the highest value for private use.

For PAYE purposes the employer is required to include in the employee’s monthly remuneration 80% of the taxable benefit. The inclusion rate may be limited to 20% if the employer is satisfied that at least 80% of the use of the vehicle for a year of assessment will be for business purposes.

On assessment SARS must, provided it is satisfied that accurate records have been kept in respect of distances travelled for:

- business purposes, reduce the value of the fringe benefit by the same proportion that the business distance bears to the total distance travelled during the year of assessment.
- private purposes and the employee has borne the cost of the following vehicle running expenses, reduce the value of the fringe benefit:
  - by the same proportion that the private distance bears to the total distance travelled during the year of assessment, in the case of the licence, insurance and maintenance costs
  - by applying the prescribed rate per kilometre to the kilometres travelled for private purposes in the case of the fuel cost pertaining to private use.

No value is placed on the private use of a company owned vehicle if:
- it is available to and used by all employees, private use is infrequent and incidental to the business use and the vehicle is not normally kept at or near that employee’s residence when not in use outside business hours
- the nature of the employee’s duties requires regular use of the vehicle for the performance of duties outside normal hours of work and private use is infrequent or incidental to business use or limited to travel between place of residence and place of work.

The provision of a company owned vehicle constitutes a deemed supply which attracts output VAT for the vendor employer.

The deemed consideration is as follows:

| Type          | Value
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicle/Double cab</td>
<td>0.3% of cost of vehicle (excl. VAT) per month</td>
</tr>
<tr>
<td>Bakkies</td>
<td>0.6% of cost of vehicle (excl. VAT) per month</td>
</tr>
</tbody>
</table>

Use of Business Cellphones and Computers
As from 1 March 2008, no taxable value is placed on the private use by employees of employer-owned cellphones and computers which are used mainly for business purposes.

Low Interest/Interest-Free Loans
- The fringe benefit is the difference between the interest rate charged by the employer and the official interest rate applied to the loan amount.
- No fringe benefit arises where the loan is less than R3 000.
- No fringe benefit arises where a loan is made to an employee to further his own studies.
Long Service and Bravery Awards
R5 000 of the value of any asset awarded, excluding cash, is not subject to tax.

Medical Aid Contributions
As from 1 March 2010, the full contribution by an employer is a fringe benefit. If the employer makes a lump sum payment for all employees, the fringe benefit is determined in accordance with a formula, which will have the effect of apportionment amongst all employees concerned. The fringe benefit has no value where the contribution is in respect of:
• an employee retired due to superannuation or ill health
• dependents of a deceased employee.

Holiday Accommodation
The employee is taxed on the prevailing market rate if the property is owned by the employer or rented from an associated entity, or the actual rental if the employer rented the accommodation from a third party.

Residential Accommodation Supplied by Employer
The value of the fringe benefit to be taxed is the rental value less any consideration paid by the employee. Where the accommodation is not owned by the employer, the rental value is the greater of the formula value or the rental and other expenses paid by the employer. The formula value is used:
• where the accommodation is owned by the employer
• where the accommodation is not owned by the employer but is provided for a bona fide business purpose where it is customary to provide free or subsidised accommodation to employees and it is necessary for the particular employer to provide free accommodation for proper performance of the employee's duties or as a result of frequent movement of employees or lack of existing accommodation.

As from 1 March 2008, no rental value is placed on the:
• supply of accommodation to an employee away from his usual place of residence in South Africa for the performance of his duties
• supply of accommodation in South Africa to an employee away from his usual place of residence outside South Africa for a two year period. This concession does not apply if the employee was present in South Africa for more than 90 days in the tax year prior to the date of arrival for the purpose of his duties. There is a monthly monetary cap of R25 000.

Employer-Owned Insurance Policies
As from 1 March 2012, any premium paid by an employer to any insurer under an employer-owned insurance policy (group life or disability plan), directly or indirectly, for the benefit of the employee, spouse, child, dependant or nominee is taxed in the hands of the employee as a fringe benefit. The premium may, however, qualify as an income protection insurance contribution deduction by the employee. If the employer makes a lump sum payment for all employees, the fringe benefit is determined in accordance with a formula, which will have the effect of apportionment amongst all employees concerned.

Uniform Allowance
An employer may provide a uniform to an employee or an allowance in order to purchase such uniform. No value is placed on the fringe benefit provided that the employee is required, while on duty, to wear the uniform and it is clearly distinguishable from ordinary clothing.

Free or Subsidised Meals and Refreshments
Free or subsidised meals provided by the employer give rise to a fringe benefit. The value of this fringe benefit is the cost to the employer less any consideration paid by the employee. No value is placed on the benefit if:
• it is provided in a place mainly or wholly patronised by the employees or a place on the employer's premises
• it is provided during business hours (normal or extended) or on a special occasion.
If an employee is obliged to spend at least one night away from his usual residence in South Africa on business, the employer may pay an allowance for personal subsistence and incidental costs without such amounts being included in the employee’s taxable income, subject to the employee travelling for business by no later than the end of the following month. If such allowance is paid to an employee and that employee does not travel for business purposes by the end of the following month, the allowance becomes subject to PAYE in that month. If the allowances do not exceed the amounts or periods detailed below, the total allowance must be reflected under code 3714 on the IRP5 certificate. Where the allowances exceed the amounts or periods detailed below, the total allowance must be reflected under code 3704 (local) or 3715 (foreign) on the IRP5 certificate. The following amounts are deemed to have been expended by an employee in respect of a subsistence allowance:

**Local travel**
- R98 (2013 : R93) per day or part of a day for incidental costs; or
- R319 (2013 : R303) per day or part of a day for meals and incidental costs.

Where an allowance is paid to an employee to cover the cost of accommodation, meals and incidental costs, the employee has to prove how much was spent while away on business, which is limited to the allowance received.

**Overseas travel**
Actual accommodation costs plus an allowance per country as set out on www.sars.gov.za (2009 : $215) per day for meals and incidental costs incurred outside South Africa. The deemed expenditure is not applicable where the absence is for a continuous period in excess of six weeks.

**Fixed Travel Allowances**
As from 1 March 2010, 80% of the fixed travel allowance is subject to PAYE. As from 1 March 2011, where the employer is satisfied that at least 80% of the use of the vehicle for the year of assessment will be for business purposes, the inclusion rate may be limited to 20%. The full allowance is disclosed on the employee’s IRP5 certificate, irrespective of the percentage of business travel.

**Reimbursive Travel Expenses**
Where an employee receives a reimbursement based on the actual business kilometres travelled, no other compensation is paid to the employee and the cost is calculated in accordance with the prescribed rate of 324 cents (2013 : 316 cents) per kilometre, no PAYE is deductible, provided the business travel does not exceed 8 000 kilometres per year. The reimbursement must be disclosed under code 3703 on the IRP5 certificate. No PAYE is withheld and the amount is not subject to taxation on assessment. If the business kilometres travelled exceed 8 000 kilometres per year, or if the reimbursive rate per kilometre exceeds the prescribed rate, or if other compensation is paid to the employee the allowance must be disclosed separately under code 3702 on the IRP5 certificate. As from 1 March 2013, PAYE is withheld on a payment basis.
Accurate records of the opening and closing odometer readings must be maintained in all circumstances. As from 1 March 2010, the claim must be based on the actual distance travelled as supported by a log book and the deemed kilometres method may no longer be used.

The deduction in respect of business travel is limited to the allowance granted and may be determined according to actual expenditure incurred or on a deemed cost per kilometre basis in terms of the table below. The cost of the vehicle includes VAT but excludes finance costs. Where actual expenditure is used the value of the vehicle is limited to R480 000 (2011: R400 000) for purposes of calculating wear and tear, which must be spread over seven years.

The finance costs are also limited to a debt of R480 000 (2011: R400 000). In the case of a leased vehicle, the instalments in any year of assessment may not exceed the fixed cost component in the table.

### DEEMED EXPENDITURE - 2014

<table>
<thead>
<tr>
<th>Cost of vehicle</th>
<th>Fixed R</th>
<th>Fuel c</th>
<th>Repairs c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not exceed R60 000</td>
<td>19 310</td>
<td>81,4</td>
<td>26,2</td>
</tr>
<tr>
<td>Exceeds R 60 001 but not R120 000</td>
<td>38 333</td>
<td>86,1</td>
<td>29,5</td>
</tr>
<tr>
<td>Exceeds R120 001 but not R180 000</td>
<td>52 033</td>
<td>90,8</td>
<td>32,8</td>
</tr>
<tr>
<td>Exceeds R180 001 but not R240 000</td>
<td>65 667</td>
<td>98,7</td>
<td>39,4</td>
</tr>
<tr>
<td>Exceeds R240 001 but not R300 000</td>
<td>78 192</td>
<td>113,6</td>
<td>46,3</td>
</tr>
<tr>
<td>Exceeds R300 001 but not R360 000</td>
<td>90 668</td>
<td>130,3</td>
<td>54,4</td>
</tr>
<tr>
<td>Exceeds R360 001 but not R420 000</td>
<td>104 374</td>
<td>134,7</td>
<td>67,7</td>
</tr>
<tr>
<td>Exceeds R420 001 but not R480 000</td>
<td>118 078</td>
<td>147,7</td>
<td>70,5</td>
</tr>
<tr>
<td>Exceeds R480 000</td>
<td>118 078</td>
<td>147,7</td>
<td>70,5</td>
</tr>
</tbody>
</table>

### DEEMED EXPENDITURE - 2013

<table>
<thead>
<tr>
<th>Cost of vehicle</th>
<th>Fixed R</th>
<th>Fuel c</th>
<th>Repairs c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not exceed R60 000</td>
<td>19 492</td>
<td>73,7</td>
<td>25,7</td>
</tr>
<tr>
<td>Exceeds R 60 001 but not R120 000</td>
<td>38 726</td>
<td>77,6</td>
<td>29,0</td>
</tr>
<tr>
<td>Exceeds R120 001 but not R180 000</td>
<td>52 594</td>
<td>81,5</td>
<td>32,3</td>
</tr>
<tr>
<td>Exceeds R180 001 but not R240 000</td>
<td>66 440</td>
<td>89,6</td>
<td>36,9</td>
</tr>
<tr>
<td>Exceeds R240 001 but not R300 000</td>
<td>79 185</td>
<td>102,7</td>
<td>45,2</td>
</tr>
<tr>
<td>Exceeds R300 001 but not R360 000</td>
<td>91 873</td>
<td>117,1</td>
<td>53,7</td>
</tr>
<tr>
<td>Exceeds R360 001 but not R420 000</td>
<td>105 809</td>
<td>119,3</td>
<td>65,2</td>
</tr>
<tr>
<td>Exceeds R420 001 but not R480 000</td>
<td>119 683</td>
<td>133,6</td>
<td>68,3</td>
</tr>
<tr>
<td>Exceeds R480 000</td>
<td>119 683</td>
<td>133,6</td>
<td>68,3</td>
</tr>
</tbody>
</table>

### VARIABLE REMUNERATION

As from 1 March 2013, variable remuneration, such as commission, bonuses, overtime, leave pay and reimbursive travel, is accounted for on a payment basis. This is applicable in respect of the deduction of PAYE, the employee’s gross income inclusion and the employer’s income tax deduction.
RELOCATION OF AN EMPLOYEE

The following expenses incurred by the employer for relocation, appointment or termination are exempt from tax:

- transportation of the employee, members of his household and personal possessions
- hiring temporary residential accommodation for the employee and members of his household for up to 183 days after transfer
- such costs as SARS may allow, e.g. new school uniforms, replacement of curtains, bond registration and cancellation fees, legal fees, transfer duty, motor vehicle registration fees and estate agent’s commission on sale of previous residence.

Expenses which do not qualify are the loss on sale of the previous residence and architect’s fees for design of or alterations to a new residence.

### HOTEL ALLOWANCES

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Conditions for annual allowance</th>
<th>Annual allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel buildings</td>
<td>Construction of buildings or improvements, provided used in trade as hotelkeeper or used by lessee in trade as hotelkeeper Refurbishments (note) which commenced on or after 17 March 1993</td>
<td>5% of cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20% of cost</td>
</tr>
<tr>
<td>Hotel equipment</td>
<td>Machinery, implements, utensils or articles brought into use on or after 16 December 1989</td>
<td>20% of cost</td>
</tr>
</tbody>
</table>

Note:
- Refurbishment is defined as any work undertaken within the existing building framework

### RESIDENTIAL BUILDING ALLOWANCES

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Conditions for annual allowance</th>
<th>Annual allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential buildings</td>
<td>Buildings erected on or after 1 April 1982 and before 21 October 2008 consisting of at least five units of more than one room intended for letting, or occupation by bona fide full-time employees New and unused buildings acquired, erected or improved on or after 21 October 2008 if situated anywhere in South Africa and owned by the taxpayer for use in his trade, either for letting or as employee accommodation. Enhanced allowances are available where the low cost residential unit is situated in an urban development zone</td>
<td>2% of cost and an initial allowance of 10% of cost 5% of cost or 10% of cost for low cost residential units not exceeding R300 000 for a stand alone unit or R350 000 in the case of an apartment</td>
</tr>
<tr>
<td>Employee housing</td>
<td>50% of the costs incurred or funds advanced or donated to finance the erection of housing for employees on or before 21 October 2008 subject to a maximum per dwelling</td>
<td>R6 000 prior to 1 March 2008 R15 000 between 1 March 2008 and 20 October 2008</td>
</tr>
<tr>
<td>Employee housing loans</td>
<td>Allowance on amounts owing on interest free loan account in respect of low cost residential units sold at cost by the taxpayer to employees and subject to repurchase at cost only in case of repayment default or termination of employment</td>
<td>10% of amount owing at the end of each year of assessment</td>
</tr>
</tbody>
</table>
## CAPITAL INCENTIVE ALLOWANCES

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Conditions for annual allowance</th>
<th>Annual allowance</th>
</tr>
</thead>
</table>
| Industrial buildings or improvements (note 4)                              | Construction of buildings or improvements on or after 1 January 1989, where a building is used wholly or mainly for a process of manufacture or similar process or research and development. Construction of buildings or improvements on or after 1 July 1996 to 30 September 1999 and the buildings or the improvements are brought into use before 31 March 2000 and used in a process of manufacture or similar process | 5% of cost (previously 2%) (note 2)  
10% of cost (note 2)                                                        |
| New commercial buildings (other than residential accommodation) (note 1)   | Any cost incurred in erecting any new and unused building, or improving an existing building on or after 1 April 2007 wholly or mainly used for the purposes of producing income in the course of trade                                                                 | 5% of cost                                                                        |
| Building in an urban development zone (note 1)                             | Costs incurred in erecting or extending a building in respect of demolishing, excavating the land, or to provide water, power or parking, drainage or security, waste disposal or access to the building Improvements to existing buildings | 20% in first year  
8% in each of the 10 subsequent years  
20% of cost                                                                |
| Aircraft                                                                   | Acquired on or after 1 April 1995                                                                                                                                                                                                  | 20% of cost (note 2)                                                             |
| Farming equipment and assets used in production of renewable energy       | Machinery, implements, utensils or articles (other than livestock) brought into use on or after 1 July 1988. Biodiesel plant and machinery brought into use after 1 April 2003                                                                            | 50% in first year  
30% in second year  
20% in third year                                                             |
| Ships                                                                      | South African registered ships used for prospecting, mining or as a foreign-going ship, acquired on or after 1 April 1995                                                                                                               | 20% of cost (note 2)                                                             |
| Plant and machinery (note 4)                                               | New or unused manufacturing assets acquired on or after 1 March 2002 will be subject to allowances over four years  
Used manufacturing assets                                                                                                        | 40% in 1st year  
20% in each of the 3 subsequent years (note 3)  
20% of cost                                                                |
| Plant and machinery (small business corporations only)                    | New and unused plant or machinery brought into use on or after 1 April 2001 and used by the taxpayer directly in a process of manufacture                                                                                      | 100% of cost                                                                     |
| Non-manufacturing assets (small business corporations only)               | Acquired on or after 1 April 2005                                                                                                                                                                                                  | 50% in first year  
30% in second year  
20% in third year                                                             |
| Licences                                                                   | Expenditure, other than for infrastructure, to acquire a licence from a government body to carry on telecommunication services, exploration, production or distribution of petroleum or the provision of gambling facilities | Evenly over the period of the licence, subject to a maximum of 30 years            |

**Notes:**
1. Allowances available to owners as users of the building or as lessors/financiers
2. Recoupments of allowances can be deducted from the cost of the replacement asset
3. Where plant and machinery is used in a process of manufacture or a similar process, the taxpayer is obliged to make use of the allowances and not the wear and tear rates
4. As from 1 January 2012, new or unused assets or buildings used for the purpose of research and development will also qualify for the allowances.
The following rates of wear and tear are allowed by SARS in terms of Interpretation Note 47:

<table>
<thead>
<tr>
<th>Type of asset</th>
<th>No. of years for write-off</th>
<th>Type of asset</th>
<th>No. of years for write-off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adding machines</td>
<td>6</td>
<td>Drills</td>
<td>6</td>
</tr>
<tr>
<td>Air-conditioners</td>
<td></td>
<td>Electric saws</td>
<td>6</td>
</tr>
<tr>
<td>window</td>
<td>6</td>
<td>Electrostatic copiers</td>
<td>6</td>
</tr>
<tr>
<td>mobile</td>
<td>5</td>
<td>Engraving equipment</td>
<td>5</td>
</tr>
<tr>
<td>room unit</td>
<td>10</td>
<td>Escalators</td>
<td>20</td>
</tr>
<tr>
<td>Air-conditioning assets</td>
<td></td>
<td>Excavators</td>
<td>4</td>
</tr>
<tr>
<td>absorption type chillers</td>
<td>25</td>
<td>Fax machines</td>
<td>3</td>
</tr>
<tr>
<td>air handling units</td>
<td>20</td>
<td>Fertiliser spreaders</td>
<td>6</td>
</tr>
<tr>
<td>centrifugal chillers</td>
<td>20</td>
<td>Firearms</td>
<td>6</td>
</tr>
<tr>
<td>cooling towers</td>
<td>15</td>
<td>Fire extinguishers (loose units)</td>
<td>5</td>
</tr>
<tr>
<td>condensing sets</td>
<td>15</td>
<td>Fire detections systems</td>
<td>3</td>
</tr>
<tr>
<td>Aircraft (light passenger or</td>
<td></td>
<td>Fishing vessels</td>
<td>12</td>
</tr>
<tr>
<td>commercial helicopters)</td>
<td>4</td>
<td>Fitted carpets</td>
<td>6</td>
</tr>
<tr>
<td>Arc welding equipment</td>
<td>6</td>
<td>Food bins</td>
<td>4</td>
</tr>
<tr>
<td>Artefacts</td>
<td>25</td>
<td>Food-conveying systems</td>
<td>4</td>
</tr>
<tr>
<td>Balers</td>
<td>6</td>
<td>Forklift trucks</td>
<td>4</td>
</tr>
<tr>
<td>Battery chargers</td>
<td>5</td>
<td>Front-end loaders</td>
<td>4</td>
</tr>
<tr>
<td>Bicycles</td>
<td>4</td>
<td>Furniture and fittings</td>
<td>6</td>
</tr>
<tr>
<td>Boilers</td>
<td>4</td>
<td>Gantry cranes</td>
<td>6</td>
</tr>
<tr>
<td>Bulldozers</td>
<td>3</td>
<td>Garden irrigation equipment</td>
<td></td>
</tr>
<tr>
<td>Bumping flaking</td>
<td>4</td>
<td>(movable)</td>
<td></td>
</tr>
<tr>
<td>Carports</td>
<td>5</td>
<td>Gas cutting equipment</td>
<td>6</td>
</tr>
<tr>
<td>Cash registers</td>
<td>5</td>
<td>Gas heaters and cookers</td>
<td>6</td>
</tr>
<tr>
<td>Cell phone antennae</td>
<td>6</td>
<td>Gear boxes</td>
<td>4</td>
</tr>
<tr>
<td>Cell phone masts</td>
<td>10</td>
<td>Gear shapers</td>
<td>6</td>
</tr>
<tr>
<td>Cellular telephones</td>
<td>2</td>
<td>Generators (portable)</td>
<td>5</td>
</tr>
<tr>
<td>Cinema equipment</td>
<td>5</td>
<td>Generators (standby)</td>
<td>15</td>
</tr>
<tr>
<td>Cold drink dispensers</td>
<td>6</td>
<td>Graders</td>
<td>4</td>
</tr>
<tr>
<td>Communication systems</td>
<td>5</td>
<td>Grinding machines</td>
<td>6</td>
</tr>
<tr>
<td>Compressors</td>
<td>4</td>
<td>Guillotines</td>
<td>6</td>
</tr>
<tr>
<td>Computers</td>
<td></td>
<td>Gymnasium equipment</td>
<td></td>
</tr>
<tr>
<td>mainframe/server</td>
<td>5</td>
<td>Cardiovascular</td>
<td>2</td>
</tr>
<tr>
<td>personal</td>
<td>3</td>
<td>Health testing</td>
<td>5</td>
</tr>
<tr>
<td>Computer software (mainframes)</td>
<td></td>
<td>Weights and strength</td>
<td>4</td>
</tr>
<tr>
<td>purchased</td>
<td>3</td>
<td>Spinning</td>
<td>1</td>
</tr>
<tr>
<td>self-developed</td>
<td>1</td>
<td>Other</td>
<td>10</td>
</tr>
<tr>
<td>Computer software (personal computers)</td>
<td>2</td>
<td>Hairdressers’ equipment</td>
<td>5</td>
</tr>
<tr>
<td>Concrete mixers portable</td>
<td>4</td>
<td>Harvesters</td>
<td>6</td>
</tr>
<tr>
<td>Concrete transit mixers</td>
<td>3</td>
<td>Heat dryers</td>
<td>6</td>
</tr>
<tr>
<td>Containers</td>
<td>10</td>
<td>Heating equipment</td>
<td>6</td>
</tr>
<tr>
<td>Crop sprayers</td>
<td>6</td>
<td>Hot-water systems</td>
<td>5</td>
</tr>
<tr>
<td>Curtains</td>
<td>5</td>
<td>Incubators</td>
<td>6</td>
</tr>
<tr>
<td>Debarking equipment</td>
<td>4</td>
<td>Ironing and pressing equipment</td>
<td>6</td>
</tr>
<tr>
<td>Delivery vehicles</td>
<td>4</td>
<td>Kitchen equipment</td>
<td>6</td>
</tr>
<tr>
<td>Demountable partitions</td>
<td>6</td>
<td>Knitting machines</td>
<td>6</td>
</tr>
<tr>
<td>Dental and doctors’ equipment</td>
<td>5</td>
<td>Laboratory research equipment</td>
<td>5</td>
</tr>
<tr>
<td>Dictaphones</td>
<td>3</td>
<td>Lathes</td>
<td>6</td>
</tr>
<tr>
<td>Drilling equipment (water)</td>
<td>5</td>
<td>Laundromat equipment</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Law reports</td>
<td>5</td>
</tr>
<tr>
<td>Type of asset</td>
<td>No. of years for write-off</td>
<td>Type of asset</td>
<td>No. of years for write-off</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------------------</td>
<td>---------------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Lift installations</td>
<td>12</td>
<td>Sanders</td>
<td>6</td>
</tr>
<tr>
<td>Medical theatre equipment</td>
<td>6</td>
<td>Scales</td>
<td>5</td>
</tr>
<tr>
<td>Milling machines</td>
<td>6</td>
<td>Security systems removable</td>
<td>5</td>
</tr>
<tr>
<td>Mobile caravans</td>
<td>5</td>
<td>Seed separators</td>
<td>6</td>
</tr>
<tr>
<td>Mobile cranes</td>
<td>4</td>
<td>Sewing machines</td>
<td>6</td>
</tr>
<tr>
<td>Mobile refrigeration units</td>
<td>4</td>
<td>Shakers</td>
<td>4</td>
</tr>
<tr>
<td>Motors</td>
<td>4</td>
<td>Shopfittings</td>
<td>6</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>4</td>
<td>Solar energy units</td>
<td>5</td>
</tr>
<tr>
<td>Motorised chain saws</td>
<td>4</td>
<td>Special patterns and tooling</td>
<td>2</td>
</tr>
<tr>
<td>Motorised concrete mixers</td>
<td>3</td>
<td>Spin dryers</td>
<td>6</td>
</tr>
<tr>
<td>Motor mowers</td>
<td>5</td>
<td>Spot welding equipment</td>
<td>6</td>
</tr>
<tr>
<td>Musical instruments</td>
<td>5</td>
<td>Staff training equipment</td>
<td>5</td>
</tr>
<tr>
<td>Navigation systems</td>
<td>10</td>
<td>Surge bins</td>
<td>4</td>
</tr>
<tr>
<td>Neon signs and advertising boards</td>
<td>10</td>
<td>Surveyors:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Field equipment</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Instruments</td>
<td>10</td>
</tr>
<tr>
<td>Office equipment - electronic</td>
<td>3</td>
<td>Tape recorders</td>
<td>5</td>
</tr>
<tr>
<td>Office equipment - mechanical</td>
<td>5</td>
<td>Telephone equipment</td>
<td>5</td>
</tr>
<tr>
<td>Oxygen concentrators</td>
<td>3</td>
<td>Television and advertising films</td>
<td>4</td>
</tr>
<tr>
<td>Ovens and heating devices</td>
<td>6</td>
<td>Television sets, video machines and decoders</td>
<td>6</td>
</tr>
<tr>
<td>Ovens for heating food</td>
<td>6</td>
<td>Textbooks</td>
<td>3</td>
</tr>
<tr>
<td>Packaging equipment</td>
<td>4</td>
<td>Tractors</td>
<td>4</td>
</tr>
<tr>
<td>Paintings</td>
<td>25</td>
<td>Trailers</td>
<td>5</td>
</tr>
<tr>
<td>Pallets</td>
<td>4</td>
<td>Traxcavators</td>
<td>4</td>
</tr>
<tr>
<td>Passenger cars</td>
<td>5</td>
<td>Trollies</td>
<td>3</td>
</tr>
<tr>
<td>Patterns, tooling and dies</td>
<td>3</td>
<td>Trucks (heavy-duty)</td>
<td>3</td>
</tr>
<tr>
<td>Pellet mills</td>
<td>4</td>
<td>Trucks (other)</td>
<td>4</td>
</tr>
<tr>
<td>Perforating equipment</td>
<td>6</td>
<td>Truck-mounted cranes</td>
<td>4</td>
</tr>
<tr>
<td>Photocopying equipment</td>
<td>5</td>
<td>Typewriters</td>
<td>6</td>
</tr>
<tr>
<td>Photographic equipment</td>
<td>6</td>
<td>Vending machines (including video game machines)</td>
<td>6</td>
</tr>
<tr>
<td>Planers</td>
<td>6</td>
<td>Video cassettes</td>
<td>2</td>
</tr>
<tr>
<td>Pleasure craft, etc</td>
<td>12</td>
<td>Warehouse racking</td>
<td>10</td>
</tr>
<tr>
<td>Ploughs</td>
<td>6</td>
<td>Washing machines</td>
<td>5</td>
</tr>
<tr>
<td>Portable safes</td>
<td>25</td>
<td>Water distillation and purification plant</td>
<td>12</td>
</tr>
<tr>
<td>Power tools (hand-operated)</td>
<td>5</td>
<td>Water tankers</td>
<td>4</td>
</tr>
<tr>
<td>Power supply</td>
<td>5</td>
<td>Water tanks</td>
<td>6</td>
</tr>
<tr>
<td>Public address systems</td>
<td>5</td>
<td>Weighbridges (movable parts)</td>
<td>10</td>
</tr>
<tr>
<td>Pumps</td>
<td>4</td>
<td>Wireline rods</td>
<td>1</td>
</tr>
<tr>
<td>Racehorses</td>
<td>4</td>
<td>Workshop equipment</td>
<td>5</td>
</tr>
<tr>
<td>Radar systems</td>
<td>5</td>
<td>X-ray equipment</td>
<td>5</td>
</tr>
<tr>
<td>Radio communication</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerated milk tankers</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigeration equipment</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerators</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Runway lights</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes

1. Wear and tear may be claimed on either a diminishing value method or on a straight-line basis, in which case certain requirements apply.

2. Costs incurred in moving business assets from one location to another are not deductible as these are regarded as being capital in nature. Wear and tear may be claimed over the remaining useful life of the assets.

3. When an asset is acquired for no consideration, a wear and tear allowance may be claimed on its market value at date of acquisition.

4. Prior to 1 January 2013, wear and tear on any assets acquired from a connected person may only be claimed on the original cost to the seller less allowances claimed by the seller, plus recoupments and Capital Gains Tax included in the seller’s income.

5. The acquisition of “small” items at a cost of less than R7 000 (2009: R5 000) per item may be written off in full during the year of acquisition.
### STRATEGIC ALLOWANCES

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Conditions for annual allowance</th>
<th>Annual allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic projects (note)</td>
<td>An additional industrial investment allowance is allowed on new and unused assets used for pre-</td>
<td>100% of cost</td>
</tr>
<tr>
<td></td>
<td>ferred qualifying strategic projects which were approved between 31 July 2001 and 31 July 2005</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Any other qualifying strategic projects</td>
<td>50% of cost</td>
</tr>
<tr>
<td>Pipelines</td>
<td>New and unused structures contracted for and construction commenced on or after 23 February</td>
<td>10% of cost</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Electricity and telephone transmission lines</td>
<td>New and unused structures contracted for and construction commenced on or after 23 February</td>
<td>5% of cost</td>
</tr>
<tr>
<td>and railway tracks</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Airport and Port assets</td>
<td>New and unused assets and improvements brought into use on or after 1 January 2008 and used</td>
<td>5% of cost</td>
</tr>
<tr>
<td></td>
<td>directly and solely for purpose of business as airport, terminal or transport operation or port</td>
<td></td>
</tr>
<tr>
<td></td>
<td>authority</td>
<td></td>
</tr>
<tr>
<td>Rolling stock</td>
<td>Brought into use on or after 1 January 2008</td>
<td>20% of cost</td>
</tr>
<tr>
<td>Environmental assets</td>
<td>As from 8 January 2008 for new and unused assets</td>
<td>40% in 1st year</td>
</tr>
<tr>
<td></td>
<td>Environmental treatment and recycling assets</td>
<td>20% in each of the</td>
</tr>
<tr>
<td></td>
<td>Environmental waste disposal assets of a permanent nature</td>
<td>3 subsequent years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5% of cost</td>
</tr>
<tr>
<td>Energy efficiency savings</td>
<td>All forms of energy efficiency savings as reflected on an energy savings certificate in any year of</td>
<td>Determined in</td>
</tr>
<tr>
<td></td>
<td>assessment ending before 1 January 2020</td>
<td>accordance with a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>formula</td>
</tr>
</tbody>
</table>

**Note:**
- The allowance is limited to the income derived from the industrial project and the excess is deductible in the immediately succeeding year of assessment, subject to certain other limits

### CAPITAL GAINS TAX

As from 1 October 2001, Capital Gains Tax (CGT) applies to a resident’s worldwide assets and to a non-resident’s immovable property or assets of a permanent establishment in South Africa.

**Disposals**

CGT is triggered on disposal of an asset.

- **Important disposals include**
  - abandonment, scrapping, loss, donation
  - vesting of an interest in an asset of a trust in the beneficiary
  - distribution of an asset by a company to a shareholder
  - granting, renewal, extension or exercise of an option

- **Deemed disposals include**
  - termination of South African residency
  - a change in the use of an asset
  - the transfer of an asset by a permanent establishment
  - prior to 1 March 2013, the reduction or waiver of a debt by a creditor without full consideration, subject to certain exclusions

- **Disposals exclude**
  - the transfer of an asset as security for a debt or the release of such security
  - issue of, or grant of an option to acquire, a share, debenture or unit trust
  - loans and the transfer or release of an asset securing debt
Calculation of a Capital Gain/Loss

- A capital gain or loss is the difference between the proceeds and the base cost. An aggregate capital loss is carried forward and is available for set-off against subsequent capital gains.

Base Cost

- **Expenditure included in the base cost**
  - acquisition, disposal, transfer, stamp duty, STT and similar costs
  - remuneration of advisors, consultants and agents
  - costs of moving an asset and improvement costs

- **Expenditure excluded from the base cost**
  - expenses deductible for income tax purposes
  - interest paid, raising fees (except in the case of listed shares and business assets)
  - expenses initially recorded and subsequently recovered

- **Methods for asset acquired before 1 October 2001**
  - Valuation as at 1 October 2001
  - 20% of the proceeds
  - Time apportionment base cost

**Example:**
If an asset cost R250 000 on 1 October 1998 and was sold on 30 September 2013 for R450 000, as CGT was implemented on 1 October 2001, the base cost is:

<table>
<thead>
<tr>
<th>Original cost expenditure</th>
<th>R250 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add:</td>
<td>R 40 000*</td>
</tr>
<tr>
<td>*Proceeds from disposal</td>
<td>R450 000</td>
</tr>
<tr>
<td>Less: Base cost expenditure</td>
<td>(R250 000)</td>
</tr>
<tr>
<td>Time apportionment base cost</td>
<td>R290 000</td>
</tr>
</tbody>
</table>

**Note 1:** When determining the number of years to be included in the time apportionment calculation, a part of the year is treated as a full year.

**Note 2:** Where expenditure in respect of a pre-valuation date asset was incurred on or after 1 October 2001 and an allowance has been allowed in respect of that asset, an extended formula is applied.

- **Part disposals**
  - Base cost to be apportioned

Proceeds

- The total amount received or accrued from the disposal

- **Excluded**
  - amounts included in gross income for income tax purposes
  - amounts repaid or repayable or a reduction in the sale price

- **Specific transactions**
  - connected persons - deemed to be at market value
  - deceased persons - market value as at date of death
  - deceased estates - the bequest is deemed to be at the base cost
  - i.e. market value at date of death

<table>
<thead>
<tr>
<th>Inclusion Rates and Effective Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inclusion rate</strong></td>
</tr>
<tr>
<td>Individuals/Special Trusts</td>
</tr>
<tr>
<td>Companies</td>
</tr>
<tr>
<td>Trusts</td>
</tr>
</tbody>
</table>

In the case of Unit Trusts (CIS), the unitholder is liable for the CGT. Retirement Funds are exempt from CGT.
Exclusions and Rebates

**Annual exclusion**
Natural persons and special trusts R30 000 (2012 : R20 000)
Natural persons in the year of death R300 000 (2012 : R200 000)

**Other exclusions**
- A primary residence, owned by a natural person or a special trust, used for domestic residential purposes, where the proceeds do not exceed R2 million. Where the proceeds exceed R2 million, the exclusion is R2 million (2012 : R1,5 million) of the calculated capital gain
- Personal use assets owned by a natural person or a special trust, not used for the carrying on of a trade
- Lump sums from insurance and retirement benefits. This exclusion does not apply to second-hand policies unless they are pure risk policies with no investment or surrender value
- Small business assets or an interest in a small business, limited to R1,8 million (2012 : R900 000) if certain requirements are met, including:
  - the gross asset value of the business is less than R10 million (2012 : R5 million)
  - the natural person was a sole proprietor, partner or at least 10% shareholder for at least five years, is at least 55 years old, or suffers from ill-health, is infirm or deceased
- Compensation, prizes and donations to certain PBO’s
- Assets used by registered micro businesses for business purposes.

**Rollover Relief**
The capital gain is disregarded until ultimate disposal of the asset or in the case of a replacement asset it is recognised over a five year period commencing when the replacement asset is brought into use unless disposed of earlier.
This relief applies to the following:
- Certain involuntary disposals and the replacement of qualifying business assets
- Transfer of assets between spouses
- Shareblock conversions to sectional title or full title
- Transfer of residence from a qualifying corporate entity or trust between 11 February 2009 and 31 December 2012. If transfer occurred after 1 October 2010, the transferring entity must be terminated.

**Valuations**
Valuations should have been obtained on or before 30 September 2004. For certain categories of assets these valuations should have been lodged with the first tax return submitted after 30 September 2004, or such other time as SARS may allow, provided the valuation was in fact done prior to the requisite date
- Where the market value of any intangible asset exceeds R1 million
- Where the market value of any unlisted investment exceeds R10 million
- Where the market value of any other asset exceeds R10 million.

**Non-resident Sellers of Immovable Property**
As from 1 September 2007, where a non-resident disposes of immovable property in South Africa in excess of R2 million, the purchaser is obliged to withhold the following taxes from the proceeds (unless a directive to the contrary has been issued):

<table>
<thead>
<tr>
<th>Seller’s status</th>
<th>Withholding tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural person</td>
<td>5,0%</td>
</tr>
<tr>
<td>Company</td>
<td>7,5%</td>
</tr>
<tr>
<td>Trust</td>
<td>10,0%</td>
</tr>
</tbody>
</table>
Tax relief exists for certain transactions. These are:
- Asset for share transactions
- Amalgamation and unbundling transactions
- Intra-group transactions
- Liquidation, winding up or deregistration transactions within a group.
This relief also applies to transactions involving specific CFC's.

Taxpayers can defer taxable recoupments and capital gains on the sale of business assets (excluding buildings) if they fully reinvest the sale proceeds in other qualifying assets within a period of three years. Tax on the recoupment and capital gain upon the disposal of the old asset is spread over the same period as wear and tear may be claimed for the replacement asset.

Expenditure paid should be apportioned to the extent that only expenditure actually incurred in a year of assessment is deductible. The remainder of the pre-paid expenditure will be deductible in subsequent years of assessment. This does not apply:
- where the goods, services or benefits are supplied or rendered within six months after the end of the year of assessment
- where the total pre-paid expenditure does not exceed R100 000 (2012 : R80 000)
- to expenditure, the timing and accrual of which is specifically determined
- to pre-paid expenditure payable in terms of a legislative obligation.

As from 2 November 2006, the following deductions is allowed for expenditure incurred in respect of qualifying research and development:

**Prior to 1 October 2012**
- 150% of operating research and development costs in respect of activities undertaken in South Africa for the purposes of the discovery of novel, practical and non-obvious information; or devising, developing or creating any invention, design or computer program as defined in the relevant acts; or knowledge essential to the use of such research property
- Research and development capital costs (including any building or part thereof, machinery, plant, implements, utensil or article or improvements thereto of a capital nature) are written off on a 50:30:20 basis.

**As from 1 October 2012**
- 100% automatic deduction of expenditure incurred solely and directly in respect of separately identifiable research and development activities
- 50% additional deduction of expenditure incurred solely and directly in respect of separately identifiable research and development activities. This deduction is subject to pre-approval by the Department of Science and Technology
- Research and development capital assets are written off as follows:
  - Machinery, plant, utensils or articles on a 40:20:20:20 basis
  - Buildings or improvements 5% per year.
**LEARNERSHIP ALLOWANCE**

Employers are allowed to claim learnership allowances for registered learnerships (entered into before 1 October 2016) over and above the normal remuneration deduction. For years of assessment ending on or after 1 January 2010:

- Where an employer is party to a learnership, the learnership allowance consists of two basic thresholds: a recurring annual allowance of R30 000 and a completion allowance claimable at the end of the learnership of R30 000. Where the learnership exceeds 24 months the completion allowance is claimed cumulatively for every completed year.
- For learners with disabilities the relevant allowances are increased to R50 000.
- Learnerships of less than 12 full months are eligible for a *pro-rata* amount of the annual allowance (regardless of the reason that the learnership falls short of the 12 month period). If a learnership falls over two years of assessment, the annual allowance is allocated *pro-rata* between both years based on the calendar months applicable to each year by multiplying the annual allowance by the total calendar months of the learnership over 12.

**VENTURE CAPITAL INVESTMENTS**

As from 1 July 2009, a taxpayer is entitled to a deduction of 100% of the cost of shares issued by a venture capital company subject to the following limitations:

- a natural person may deduct R750 000 in a year of assessment and a total of R2 250 000.
- a listed company and any company held 70% directly or indirectly by that listed company can deduct a maximum of the cost of up to 40% of the total equity interest in the venture capital company.
- the venture capital company must be approved by SARS as a qualifying company and satisfy a number of pre-conditions.

As from 1 January 2012, all taxpayers are entitled to this deduction without any limitation imposed on the amount, provided the expenditure comprises an investment in equity shares, the investor is not a connected person after making the investment and is genuinely exposed to the risk of economic loss in the event of failure of the venture. Various thresholds regarding the level and nature of expenditure by the venture capital company have also been relaxed to attract more interest in this activity.

**INDUSTRIAL POLICY PROJECTS**

An additional investment allowance for an approved project is available to brownfield project expansion or upgrade, or a greenfield project in respect of new and unused manufacturing items. Subject to certain limits, the additional allowance is 55% of the cost of assets for greenfield projects and 35% for brownfield projects.

Where the project is undertaken in an industrial development zone the allowances are increased to 100% and 75% respectively. There is also an additional project related training allowance of R36 000 per employee, limited to R30 million or R20 million if no preferred status applies.
Directors of private companies and members of close corporations are deemed to have received a monthly remuneration, subject to PAYE, calculated in accordance with a formula. The formula calculated remuneration does not apply to directors of private companies and members of close corporations who earn at least 75% of their remuneration in the form of fixed monthly payments.

No stamp duty is payable on leases of immovable property entered into after 1 April 2009.

As from 1 July 2008, Securities Transfer Tax (STT) is payable at a rate of 0.25% of the consideration, closing price or market value (whichever is greater) on the transfer, cancellation or redemption of any listed or unlisted share, member's interest in a close corporation or cession of a right to receive distributions from a company or close corporation.

- On listed securities, this must be paid by the 14th of the month following the month during which the transfer occurred
- On unlisted securities, this must be paid by the end of the second month following the end of the month during which the transfer occurred
- If not paid in full within the prescribed period interest is imposed at the prescribed rate and a 10% penalty is payable
- No STT is payable if the consideration, closing price or market value is less than R40 000.

As from 1 October 2007, the proceeds on the sale of an equity share or collective investment scheme unit will automatically be of a capital nature if held continuously for at least three years except:

- a share in a shareblock company
- a share in a non-resident company
- a hybrid equity instrument.

Previously the taxpayer could elect that the proceeds on the sale of a listed share held for at least five years be treated as capital.

Prior to 1 January 2013, where a depreciable asset was acquired by a taxpayer and it was held by a connected person at any time during a period of two years before that acquisition, the purchaser could claim capital allowances on the lower of the purchase price or the following deemed cost:

- the net tax value of the asset to the seller, plus
- the recoupment on the disposal by the seller, plus
- the taxable capital gain on the disposal by the seller.
As from 1 January 2001, residents of South Africa are taxable on their worldwide income.

**Resident means**
- A natural person who is ordinarily resident in South Africa
- As from 1 March 2005, a natural person who is physically present in South Africa for at least 91 days in the current and each of the preceding five tax years and at least 915 days during the five preceding tax years
- A company or trust that is incorporated, established, formed or which has its place of effective management in South Africa.

**Resident excludes**
- A natural person, who was previously regarded as a deemed resident, if physically absent from South Africa for a continuous period of at least 330 days from the date of departure
- A person who is deemed to be exclusively a resident of another country for the purposes of the application of any double taxation agreement.

**Exemptions**
- Remuneration for services rendered outside South Africa during the tax year if such person was outside South Africa for periods in aggregate of more than 183 days, of which more than 60 days were continuous
- Non-South African pension and social security payments.

**Foreign Dividends**
Foreign dividends received from a non-resident company and dividends received from a headquarter company are taxable, except if:
- the shareholder holds at least 10% of the equity and voting rights of the distributing company
- the distributing company is listed on the JSE and the dividend is not a dividend *in specie*
- the distributing company is a controlled foreign company (CFC) and the dividends do not exceed amounts deemed to be the resident shareholder’s income under the CFC rules
- foreign dividends declared by one company to another company resident in the same country.

Any remaining taxable foreign dividend is subject to a formula whereby the maximum rate of taxation is 15% subject to a reduction in terms of a DTA. A resident is entitled to a credit for any withholding tax paid in respect of a foreign dividend that is included in gross income.

As from 1 April 2012, no deduction is allowed for interest incurred in the production of foreign dividends.

**Controlled Foreign Companies**
A CFC is a non-resident company in which residents, other than a headquarter company, directly or indirectly own or control more than 50% of the participation or voting rights. As from 1 April 2012, a resident holding between 10% and 20% of a foreign company, may no longer elect to treat the company as a CFC.
• A resident must include in his income:

\[
\frac{Net\ income\ of\ CFC \times \ Resident’s\ participation\ rights\ in\ the\ CFC}{Total\ participation\ rights\ in\ the\ CFC}
\]

• The net income of a CFC should be calculated according to South African tax principles. If the calculation results in a loss, the deductions are limited to income and the excess is carried forward.

Exemptions
• The net income (including capital gains) of the CFC that is derived from an active \textit{bona fide} foreign business establishment situated outside South Africa (subject to certain exclusions)
• Income of the CFC otherwise taxed in South Africa at normal rates
• Foreign dividends received by the CFC from another CFC to the extent that the income from which the dividend is declared has already been included in the resident’s taxable income under the CFC rules
• Net income attributable to interest, royalties or similar income payable to the CFC by other foreign companies forming part of the same group of companies.

Tax Rebates
• Where a resident has to include in his taxable income any foreign sourced income or capital gain, the proportionate amount of the net income of a CFC, foreign dividends, or other attributable amounts, a rebate in respect of any foreign taxes paid or payable in respect of such amount to a foreign government is allowed
• The rebate is limited to the foreign tax payable and may not exceed:

\[
\frac{Total\ South\ African\ normal\ tax \times Taxable\ foreign\ income}{Total\ taxable\ income}
\]

• If the foreign tax paid exceeds the limit set out above, the excess foreign tax may be carried forward for a maximum of seven years
• As from 1 January 2012, foreign taxes withheld on income arising from services rendered in South Africa may be claimed as a rebate.

General
• A loss incurred in carrying on a business outside South Africa may not be set-off against income in South Africa
• The amount of foreign tax payable must be converted to rands at the last day of the tax year by applying the average exchange rate for that tax year
• Foreign income is converted to rands by applying the spot exchange rate at the date the income accrues. Natural persons and non-trading trusts may elect to apply the average exchange rate for that tax year
• Where foreign income may not be remitted because of restrictions imposed by the source country, such income is included in the resident’s gross income in the tax year during which that amount may be remitted to South Africa
• Tax withheld in a foreign country in respect of South African sourced income (except for income arising on services rendered in South Africa) is recognised as a deduction against such income rather than as a rebate against South African tax payable on that income.
## DOUBLE TAXATION AGREEMENTS

AND WITHHOLDING TAXES

Double Taxation Agreements provide for relief in respect of royalties, know-how, dividends and interest withholding taxes.

<table>
<thead>
<tr>
<th>Royalties %</th>
<th>Dividends %</th>
<th>Interest %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treaty Countries</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Treaty Countries</th>
<th>Royalties</th>
<th>Dividends</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Australia</td>
<td>5</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Austria</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Belarus</td>
<td>5/10</td>
<td>5/15</td>
<td>5/10</td>
</tr>
<tr>
<td>Belgium</td>
<td>0</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Botswana</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Brazil</td>
<td>10/15</td>
<td>10/15</td>
<td>10/15</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>5/10</td>
<td>5/15</td>
<td>5</td>
</tr>
<tr>
<td>Canada</td>
<td>6/10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Croatia</td>
<td>5</td>
<td>5/10</td>
<td>0</td>
</tr>
<tr>
<td>Cyprus</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Democratic Republic of Congo</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Denmark</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Egypt</td>
<td>15</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>15</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Finland</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>0</td>
<td>7.5/15</td>
<td>10</td>
</tr>
<tr>
<td>Ghana</td>
<td>10</td>
<td>5/15</td>
<td>5/10</td>
</tr>
<tr>
<td>Greece</td>
<td>5/7</td>
<td>5/15</td>
<td>8</td>
</tr>
<tr>
<td>Hungary</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>India</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Iran</td>
<td>10</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Ireland</td>
<td>0</td>
<td>5/10</td>
<td>0</td>
</tr>
<tr>
<td>Israel</td>
<td>0/15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Japan</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Korea</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Kuwait</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lesotho</td>
<td>10</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Malawi</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5</td>
<td>5/10</td>
<td>10</td>
</tr>
<tr>
<td>Malta</td>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Mexico</td>
<td>10</td>
<td>5/10</td>
<td>10</td>
</tr>
<tr>
<td>Mozambique</td>
<td>5</td>
<td>8/15</td>
<td>8</td>
</tr>
<tr>
<td>Namibia</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0</td>
<td>5/10</td>
<td>0</td>
</tr>
<tr>
<td>New Zealand</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Nigeria</td>
<td>7.5</td>
<td>7.5/10</td>
<td>7.5</td>
</tr>
<tr>
<td>Country</td>
<td>Royalties %</td>
<td>Dividends %</td>
<td>Interest %</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Norway</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Oman</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Peoples Republic of China</td>
<td>7/10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Poland</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Portugal</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Romania</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>0</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Rwanda</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>10</td>
<td>5/10</td>
<td>5</td>
</tr>
<tr>
<td>Seychelles</td>
<td>0</td>
<td>5/10</td>
<td>0</td>
</tr>
<tr>
<td>Singapore</td>
<td>5</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>10</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Spain</td>
<td>5</td>
<td>5/15</td>
<td>5</td>
</tr>
<tr>
<td>Swaziland</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Sweden</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0</td>
<td>5/15</td>
<td>5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>Tanzania</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Thailand</td>
<td>15</td>
<td>10/15</td>
<td>10/15</td>
</tr>
<tr>
<td>Tunisia</td>
<td>10</td>
<td>10</td>
<td>5/12</td>
</tr>
<tr>
<td>Turkey</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Uganda</td>
<td>10</td>
<td>10/15</td>
<td>10</td>
</tr>
<tr>
<td>Ukraine</td>
<td>10</td>
<td>5/15</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0</td>
<td>5/10/15</td>
<td>0</td>
</tr>
<tr>
<td>USA</td>
<td>0</td>
<td>5/15</td>
<td>0</td>
</tr>
<tr>
<td>Zambia</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

**Notes**

1. The table reflects the position from 1 July 2013. The rates are provided as a guide only. A number of the above DTA’s provide for alternative rates, including zero, to be applied in specific circumstances. Only investors with a meaningful shareholding will be entitled to a reduced rate of Dividends Tax. To view the complete Double Tax Agreements see www.sars.gov.za.

2. The withholding tax on royalties will change from 12% to 15% as from 1 July 2013. This may be delayed to 1 March 2014.

3. A withholding tax on interest paid to non-residents will be introduced from 1 July 2013 at a rate of 15%. This may be delayed to 1 March 2014.

**ROYALTIES TO NON-RESIDENTS**

As from 1 January 2009, no deduction is allowed in respect of royalty payments if:

- the intellectual property was at any time wholly or partly owned by the taxpayer or another South African resident, or
- the intellectual property was developed by the taxpayer or a connected person who is a resident.

If the royalty is subject to a withholding tax at a rate of at least 15% then a deduction of one third of the royalty is allowed.
The headquarter company regime applies from years of assessment commencing on or after 1 January 2011 and provides for several benefits, including:

- its subsidiaries are not treated as controlled foreign companies
- dividends are not subject to Dividends Tax
- no application of thin capitalisation or transfer pricing rules merely because of the existence of back-to-back cross-border loans
- exemption from the pending withholding tax on interest in respect of back-to-back loans.

A regional investment fund regime also applies from years of assessment commencing on or after 1 January 2011. Qualifying foreign investors will be regarded as passive investors with no exposure to South African tax because of the use of a South African portfolio manager.

**TAXATION OF NON-RESIDENTS**

**Interest**
Interest received by or accrued to non-residents is exempt from normal tax unless the individual was physically present in South Africa for a period of more than 183 days in aggregate or carried on business through a permanent establishment in South Africa at any time during the twelve month period prior to date of receipt or accrual (prior to 1 July 2013 : during the year of assessment).

**Dividends**
As from 1 April 2012, Dividends Tax is borne by the shareholder at a rate of 15% (subject to any reduction in terms of a double taxation agreement).

**Royalties**
Subject to a double taxation agreement, royalties paid to non-residents are subject to a final withholding tax of 15% (prior to 1 July 2013 : 12%). Residents require Government and SARB approval for royalty payments to a non-resident.

**Other Income**
Non-residents are taxed on South African sourced income only.

**Payment to Non-Resident Entertainers**
A withholding tax of 15% is payable by non-resident sports persons and entertainers on income earned in South Africa.

**WITHHOLDING TAX ON INTEREST**

As from 1 July 2013, interest paid to or for the benefit of any non-resident from a South African source will be subject to a final withholding tax of 15% on the date it is paid or becomes due and payable except interest:

- payable by any sphere of the South African Government
- arising on any listed debt instrument
- arising on any debt owed by a bank, the DBSA, the IDC or the SARB
- arising from a bill of exchange or letter of credit where goods are imported into South Africa and where an authorised dealer has certified such on the instrument
- payable by a headquarter company where transfer pricing does not apply
- accruing to a non-resident natural person who was physically present in South Africa for a period exceeding 183 days in aggregate, during that year, or carried on a business through a permanent establishment in South Africa
- payable by local stockbroker to a non-resident.
On Immovable Property (on or after 23 February 2011)
Payable by natural persons and legal entities:

<table>
<thead>
<tr>
<th>Property value</th>
<th>Rates of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 - R 600 000</td>
<td>0%</td>
</tr>
<tr>
<td>R 600 001 - R1 000 000</td>
<td>3% on the value above R600 000</td>
</tr>
<tr>
<td>R1 000 001 - R1 500 000</td>
<td>R12 000 plus 5% on the value above R1 000 000</td>
</tr>
<tr>
<td>R1 500 001 and above</td>
<td>R37 000 plus 8% on the value above R1 500 000</td>
</tr>
</tbody>
</table>

- No transfer duty is payable if the transaction is subject to VAT
- If a registered vendor purchases property from a non-vendor, the VAT notional input tax credit is limited to the VAT fraction (14/114) of the lower of the selling price or the open market value. A notional input tax credit is only claimable to the extent to which the purchase price has been paid and the property is registered in the Deeds Office
- As from 10 January 2012, the restriction that the notional input is limited to the transfer duty paid is no longer applicable
- Certain exemptions apply to corporate restructuring
- The acquisition of a contingent right in a trust that holds a residential property or the shares in a company or the member’s interest in a close corporation, which owns residential property, comprising more than 50% of its CGT assets, is subject to transfer duty at the applicable rate
- Liabilities of the entity are to be disregarded when calculating the fair value of the contingent right in the trust, the shares in the company or the member’s interest in the close corporation
- Residential property includes dwellings, holiday homes, apartments and similar abodes, improved and unimproved, zoned for residential purposes. It excludes a structure of five or more units, rented by five or more unconnected persons. It also excludes fixed property forming part of the enterprise of a VAT vendor
- Any person who does or omits to do anything with the intent to evade transfer duty may be charged with additional duty up to twice the amount of duty payable. Such a person is guilty of an offence and liable on conviction to a fine or imprisonment for a period not exceeding 60 months
- No transfer duty was payable in respect of the acquisition by a qualifying natural person of a residence, mainly used for domestic purposes (including holiday homes), from a qualifying corporate entity or trust between 11 February 2009 and 31 December 2012, subject to the winding up or termination of certain of the entities within six months of the disposal.

UNQUANTIFIED PROCEEDS

Where an asset is disposed of for an unquantified amount, the portion of the purchase price which cannot be quantified in that year is deemed to accrue in the year that it becomes quantifiable. Any recoupment, capital gain/loss arising from such transaction is deferred until such time as the consideration becomes quantifiable.

For example, if the asset is brought into use in year 1, but the consideration only becomes quantifiable in year 2, the wear and tear for year 1 and year 2 will be claimed in year 2.
The following table reflects repayments on every R1 000 borrowed. Example: A bond of R80 000 at 10.5% over 20 years
R80 000 ÷ R1 000 x 09,98 = R798.40 a month over a 20 year period.

<table>
<thead>
<tr>
<th>Rate</th>
<th>Mortgage Bonds</th>
<th>Short Term Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10 Yrs</td>
<td>20 Yrs</td>
</tr>
<tr>
<td>07.0%</td>
<td>11,61</td>
<td>07,75</td>
</tr>
<tr>
<td>07.5%</td>
<td>11,87</td>
<td>08,06</td>
</tr>
<tr>
<td>08.0%</td>
<td>12,13</td>
<td>08,36</td>
</tr>
<tr>
<td>08.5%</td>
<td>12,40</td>
<td>08,68</td>
</tr>
<tr>
<td>09.0%</td>
<td>12,67</td>
<td>09,00</td>
</tr>
<tr>
<td>09.5%</td>
<td>12,94</td>
<td>09,32</td>
</tr>
<tr>
<td>10.0%</td>
<td>13,22</td>
<td>09,65</td>
</tr>
<tr>
<td>10.5%</td>
<td>13,49</td>
<td>09,98</td>
</tr>
<tr>
<td>11.0%</td>
<td>13,78</td>
<td>10,32</td>
</tr>
<tr>
<td>11.5%</td>
<td>14,06</td>
<td>10,66</td>
</tr>
<tr>
<td>12.0%</td>
<td>14,35</td>
<td>11,01</td>
</tr>
<tr>
<td>12.5%</td>
<td>14,64</td>
<td>11,36</td>
</tr>
<tr>
<td>13.0%</td>
<td>14,93</td>
<td>11,72</td>
</tr>
<tr>
<td>13.5%</td>
<td>15,23</td>
<td>12,07</td>
</tr>
<tr>
<td>14.0%</td>
<td>15,53</td>
<td>12,44</td>
</tr>
<tr>
<td>14.5%</td>
<td>15,83</td>
<td>12,80</td>
</tr>
<tr>
<td>15.0%</td>
<td>16,13</td>
<td>13,17</td>
</tr>
<tr>
<td>15.5%</td>
<td>16,44</td>
<td>13,54</td>
</tr>
<tr>
<td>16.0%</td>
<td>16,75</td>
<td>13,91</td>
</tr>
<tr>
<td>16.5%</td>
<td>17,16</td>
<td>14,29</td>
</tr>
</tbody>
</table>

OFFICIAL INTEREST RATES & PENALTIES

<table>
<thead>
<tr>
<th>Type</th>
<th>Reason</th>
<th>Basis of charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisional tax</td>
<td>1st and 2nd payment late</td>
<td>10% penalty plus interest charged daily from due date to date of payment</td>
</tr>
<tr>
<td>Provisional tax</td>
<td>3rd payment late</td>
<td>Interest charged daily from effective date to earlier of payment date or assessment date. Effective date is six months after year-end, except in the case of February year-ends, where the effective date is 30 September</td>
</tr>
<tr>
<td>Provisional tax</td>
<td>Overpayment</td>
<td>Credited daily from effective date to date of refund</td>
</tr>
<tr>
<td>Assessment</td>
<td>Late payment</td>
<td>Interest charged on each completed month from first due date to date of payment</td>
</tr>
<tr>
<td>Loan to employee</td>
<td>Deemed fringe benefit</td>
<td>Official rate for fringe benefit less actual rate x loan x actual months divided by 12</td>
</tr>
<tr>
<td>VAT</td>
<td>Late payment</td>
<td>10% penalty plus interest at the prescribed rate</td>
</tr>
<tr>
<td>VAT</td>
<td>Refund</td>
<td>Calculated monthly, starting 21 business days after receipt of return to date of payment. Period is suspended when vendor denies SARS access to books if requested</td>
</tr>
<tr>
<td>Employees tax</td>
<td>Late payment</td>
<td>10% penalty plus interest charged daily from due date to date of payment</td>
</tr>
<tr>
<td>Skills Development Levy</td>
<td>Late payment</td>
<td>10% penalty plus interest charged daily from due date to date of payment</td>
</tr>
</tbody>
</table>
### INTEREST RATES

**Prescribed rate - Late payment of assessed and provisional tax and underpayment of provisional tax**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 August 2009</td>
<td>11,5</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>10,5</td>
</tr>
<tr>
<td>1 July 2010</td>
<td>9,5</td>
</tr>
<tr>
<td>1 March 2011</td>
<td>8,5</td>
</tr>
</tbody>
</table>

All payments are first set off against penalties, then interest and finally tax.

**Prescribed rate - Late payment of VAT**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 September 2009</td>
<td>10,5</td>
</tr>
<tr>
<td>1 July 2010</td>
<td>9,5</td>
</tr>
<tr>
<td>1 March 2011</td>
<td>8,5</td>
</tr>
</tbody>
</table>

All payments are first set off against penalties, then interest and finally tax.

**Prescribed rate - Refund of overpayment of provisional tax**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2009</td>
<td>8,5</td>
</tr>
<tr>
<td>1 August 2009</td>
<td>7,5</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>6,5</td>
</tr>
<tr>
<td>1 July 2010</td>
<td>5,5</td>
</tr>
<tr>
<td>1 March 2011</td>
<td>4,5</td>
</tr>
</tbody>
</table>

Interest on overpayment of provisional tax is only payable if taxable income exceeds R50 000 (individuals and trusts) R20 000 (companies and close corporations) or the refund exceeds R10 000, regardless of taxable income.

**Prescribed rate - Refund of VAT after prescribed period**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 September 2009</td>
<td>10,5</td>
</tr>
<tr>
<td>1 July 2010</td>
<td>9,5</td>
</tr>
<tr>
<td>1 March 2011</td>
<td>8,5</td>
</tr>
</tbody>
</table>

**Prescribed rate - Refund on successful objection, appeal or conceded appeal**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 March 2011</td>
<td>8,5</td>
</tr>
</tbody>
</table>

**Official rate - Fringe benefits**

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2009</td>
<td>8,5</td>
</tr>
<tr>
<td>1 September 2009</td>
<td>8,0</td>
</tr>
<tr>
<td>1 October 2010</td>
<td>7,0</td>
</tr>
<tr>
<td>1 March 2011</td>
<td>6,5</td>
</tr>
<tr>
<td>1 August 2012</td>
<td>6,0</td>
</tr>
</tbody>
</table>

As from 1 March 2011 the official rate is equal to the South African repurchase rate plus 100 basis points.
VAT was introduced on 30 September 1991 at 10% and increased to 14% on 7 April 1993. The VAT system comprises three types of supplies:

- **Standard-rated supplies** – supplies of goods and services subject to the VAT rate in force at the time of supply
- **Exempt supplies** – supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input credits
- **Zero-rated supplies** – supplies of certain goods or services subject to VAT at zero percent. The following are, amongst others, specifically zero-rated: brown bread, maize meal, samp, mealie rice, dried maize, dried beans, lentils, pilchards (excluding pet food or sardines supplied in tins), milk powder (unflavoured), dairy powder blend, rice, fresh vegetables (excluding canned, bottled and dehydrated), fresh fruit, vegetable oil used for cooking (excluding olive oil), milk including long-life milk (excluding condensed, flavoured, sweetened and evaporated milk), cultured milk, brown wheaten flour, raw eggs, pod vegetables, diesel, petrol and illuminating paraffin. Export sales and services are zero-rated, subject to specific requirements. Supplies from South Africa to an Industrial Development Zone will be treated as exports. Vendors making zero-rated supplies are entitled to input credits

VAT input tax credits may in general not be claimed in respect of motor vehicles (including sedan and double-cabs) and entertainment. All fee-based financial services are subject to VAT with the exception of:

- premiums payable in respect of life policies issued in terms of the Long-term Insurance Act and contributions to pension, provident, retirement annuity and medical aid funds; and
- buying or selling of derivatives or granting of options.

**Registration Requirements**

As from 1 March 2009, a vendor is required to register for VAT if turnover in a 12 month period is likely to exceed R1 million. Where turnover is less than R1 million, but exceeds R50 000 and R60 000 in the case of commercial rental establishments in a 12 month period, a vendor can register voluntarily. All vendors that deregistered from the VAT system in light of the increase in the VAT registration threshold to R1 million may be allowed to pay the exit VAT over a period of time.

For years of assessment commencing on or after 1 March 2012, a registered micro business may also be registered as a vendor for VAT purposes. Where turnover is less than R1,5 million in a 12 month period, VAT returns may be rendered every four months. Where turnover is less than R30 million in a 12 month period, VAT returns may be rendered every two months. Turnover in excess of R30 million results in VAT returns having to be rendered every month. Farmers, with a turnover of less than R1,5 million may render VAT returns every six months.

Normally a vendor accounts for VAT on an invoice basis. However, where turnover in a 12-month period is likely to be less than R2,5 million, the vendor can apply to be placed on a payments basis if the vendor is a natural person or an unincorporated body of persons whose members are natural persons. A tax invoice must reflect the purchaser’s trade name and VAT registration number, if the value is in excess of R5 000 (2013 : R3 000).
VAT RELIEF FOR DEVELOPERS

As from 10 January 2012, property developers who let residential property prior to a sale are granted temporary relief from the VAT change in use rules. The relief applies for a maximum period of 36 months if the developer is unable to sell the property due to a lack of demand. If the rental period exceeds 36 months, the deemed change in use will apply, based on the market value of the property on that date. The concession ceases to apply on 1 January 2015.

VAT RELIEF INTER-GROUP

As from 10 January 2012, group debt older than 12 months is not be subject to the VAT charge back provision and the group creditor is not be entitled to claim a VAT input deduction for a bad debt written off.

ASSESSED LOSSES RING-FENCED

As from 1 March 2004, losses from secondary trades are ring-fenced and are not available for set-off against income from any other trade. It will only apply to an individual whose taxable income, before setting off any assessed loss or balance of assessed loss, is equal to or exceeds the level at which the maximum rate of tax is applicable.

For the restrictions to apply the person must have incurred an assessed loss from the secondary trade in at least three years of assessment during any five year period, or have carried on any of the following ‘suspect’ trades:

- Any sporting activities
- Any dealing in collectables
- The rental of accommodation, vehicles, aircraft or boats (unless at least 80% of the asset is used by persons who are not relatives of such person for at least half of the year of assessment)
- Animal showing
- Farming or animal breeding (otherwise than on a full-time basis)
- Performing or creative arts
- Gambling or betting.

The taxpayer will be able to circumvent these provisions if he can prove that there is a reasonable prospect of deriving taxable income within a reasonable period and where he complies with other tests, unless losses have been incurred in at least six out of ten years.

PATENT / INTELLECTUAL PROPERTY

A taxpayer may claim an allowance for the cost of acquiring any invention, patent, design, copyright, other property which is of a similar nature or knowledge connected with the use of such patent, design, copyright or other property or the right to have such knowledge imparted.

Where the cost exceeds R5 000, the allowance is limited to:

- 5% of the cost in respect of any invention, patent, copyright or other property of a similar nature
- 10% of the cost of any design or other property of a similar nature.

Where the intangible was acquired from a connected person the allowance is limited to the cost to the connected seller less allowances claimed by the seller plus recoupments and CGT included in the seller’s income.

No allowance is allowed in respect of any expenditure incurred by the taxpayer in respect of the acquisition of any trademark or property of a similar nature on or after 29 October 1999.
**Foreign Investment Allowance**

Individuals, older than 18 years, in good standing with SARS, can invest R4 million per calendar year (prior to 5 November 2010: R4 million per lifetime) abroad subject to the completion of form MP1423, accompanied by a SARS tax clearance certificate. Income accruing thereon may also be retained abroad.

Individuals who wish to invest amounts in excess of R4 million may make an application to FinSurv together with the relevant tax clearance certificate for consideration.

**Single Discretionary Allowance**

Individuals, older than 18 years, have a single discretionary allowance of R1 million (2010: R750 000) per calendar year which can be apportioned to cover donations to missionaries, maintenance, gifts and loans, travel, study, alimony and child support, wedding expenses and foreign capital allowance. Applications in excess of the R1 million will be considered on a case by case basis. Individuals, younger than 18 years only have a travel allowance of R200 000 (2010: R160 000) per calendar year.

**Specialised Medical/Dental Expenses Abroad**

No limit, provided supported by original documentary evidence of expenses.

**Directors Fees**

No limit is applicable to directors fees paid to non-residents including emigrants. Requests to transfer such fees must be accompanied by a copy of the resolution of the board of the remitting company confirming the amount to be paid to the director and proof that the director is non-resident.

**Guarantees**

No limit is applicable to guarantees given by non-residents for financial assistance to South African residents who are not affected persons.

**Emigrants**

Where the foreign investment allowance has not been fully utilised, emigrants are permitted a top-up to:

- R8 million per calendar year per family unit
- R4 million per calendar year per single emigrant

Household and personal and other effects (excluding coins which are legal tender in South Africa) may be exported within an overall insured value of R2 million per family unit or single emigrant.

In addition a travel allowance subject to the single discretionary allowance limit may be accorded once within 60 days prior to departure.

**Inheritances**

Non-residents are entitled to transfer their inheritance, irrespective of whether the deceased was resident or non-resident in South Africa. Former South African residents must have completed emigration formalities to qualify.

**Foreign Investment in South Africa**

Non-residents enjoy unrestricted rights to invest in gilts and shares listed on the JSE and export the proceeds on the sale thereof. Interest and dividends are also freely remittable. Loans by non-residents to South African residents are subject to specific criteria and recording rules.

**Outbound Investments by Companies**

The limit that can be approved by Authorised Dealers is R500 million (2008: R50 million) per calendar year. Approval from FinSurv will have to be obtained for investments exceeding this limit. South African companies are allowed to make *bona fide* new outward direct investments outside their
current line of business excluding passive investments. Authorised Dealers may also allow additional working capital funding up to the overall limit of R500 million per calendar year. South African companies may now acquire between 10% and 20% equity and/or voting rights in a foreign target entity which may hold investments and/or make loans into any CMA country.

**Local Visits by Emigrants**
There is no limit on the daily utilisation of blocked funds during a visit by an emigrant but these funds may not be loaned to a South African resident. Direct return airflights may be paid locally from blocked funds.

**Remittable Income**
Certain forms of income earned by an emigrant on his blocked assets are freely remittable abroad, after providing for income tax.

**Blocked Assets**
Unlimited blocked funds may be released locally for any purpose, except the granting of a loan to a South African resident.

**Restrictions on Local Financial Assistance**
The 3:1 ratio restriction on local financial assistance has been abolished. Local financial assistance subject to the 1:1 ratio is available to:
- emigrants, where blocked rand balances or blocked rand assets are used as collateral
- non-residents, if the borrowing is required for the acquisition of residential or commercial property in South Africa and/or for financial transactions
- affected persons, if the borrowing is required for the acquisition of residential property in South Africa or for financial transactions
- non-resident wholly owned subsidiaries, if the borrowing is required for the acquisition of residential property in South Africa or for financial transactions.

**Forward Cover**
South African companies may cover forward up to 75% of budgeted import commitments or export accruals in respect of the forthcoming financial year without FinSurv approval.

**Headquarter Companies**
Foreign individuals who have established headquarter companies in South Africa may, subject to approval, invest offshore without restriction, subject to certain shareholding and asset criteria.

**Treasury Outsourcing Companies/Foreign Exchange Brokers**
Treasury outsourcing companies and foreign exchange brokers must obtain approval from FinSurv prior to commencing any foreign exchange business that must be conducted through an Authorised Dealer.

**ENVIRONMENTAL**

Expenditure incurred to conserve or maintain land is deductible if it is carried out in terms of a biodiversity management agreement with a duration of at least five years. Where the conservation or maintenance of land owned by the taxpayer is carried out in terms of a declaration of at least 30 years’ duration, the expenditure incurred is deemed to be a donation to the Government which qualifies as a deduction under section 18A.

In certain circumstances where the land is declared a national park an annual donation based on 10% of the lesser of cost or market value of the land is deemed to be made and qualifies for a section 18A deduction in the year the declaration is made and in each of the subsequent nine years. Recoupsments arise where the taxpayer breaches the agreement.
Farming income is subject to the provisions of the First Schedule to the Income Tax Act.

### Summary of the First Schedule's Main Paragraphs

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 – 5 &amp; 9</td>
<td>Valuation of livestock and produce</td>
</tr>
<tr>
<td>6 – 7</td>
<td>Election of standard values</td>
</tr>
<tr>
<td>8</td>
<td>Ring-fencing of livestock acquisitions</td>
</tr>
<tr>
<td>11</td>
<td>Donations and in specie dividends</td>
</tr>
<tr>
<td>12</td>
<td>Capital development expenditure</td>
</tr>
<tr>
<td>13</td>
<td>Forced sales and drought relief provisions</td>
</tr>
<tr>
<td>14 – 16</td>
<td>Plantation farming</td>
</tr>
<tr>
<td>17</td>
<td>Sugar cane destroyed by fire</td>
</tr>
<tr>
<td>19</td>
<td>Rating formula for farmers (who are natural persons)</td>
</tr>
<tr>
<td>20</td>
<td>Expropriation of farming land</td>
</tr>
</tbody>
</table>

### Rating Formula Applicable to Farmers

Because a farmer’s income fluctuates from year to year, a farmer who is a natural person may elect to be taxed in accordance with a rating formula. The formula is based on the average taxable farming income in the current and preceding four years. Should he elect to make use of this formula, it is binding upon him in future years and he is not permitted to make use of the provisions relating to government livestock reduction schemes, rating formula for plantation farmers and provisions relating to sugar cane farmers. For a farmer commencing farming operations the average taxable income from farming in the first year of assessment ending on or after 1 January 2008 will be two-thirds of the taxable income for that period.

### Capital Development Expenditure (Paragraph 12)

The following items of capital expenditure, incurred during a year of assessment, are deductible against farming income:

- expenditure which is not restricted to taxable income from farming:
  - eradication of noxious weeds and invasive alien vegetation and prevention of soil erosion
- expenditure which is restricted to taxable income from farming:
  - dipping tanks, building of roads and bridges for farming operations
  - dams, irrigation schemes, boreholes, pumping plants and fences
  - additions, erection of, extensions and improvements to farm buildings not used for domestic purposes
  - costs of establishing the area for and the planting of trees, shrubs and perennial plants
  - carrying of electric power from main power lines to farm machinery and equipment.

The excess expenditure over taxable income from farming is carried forward to the next year of assessment. Machinery, implements, utensils and articles for farming purposes are written off over three years on a 50:30:20 basis. This does not apply to motor vehicles used to convey passengers, caravans, aircraft (excluding crop-spraying aircraft) or office furniture and equipment. Normal wear and tear may be claimed on these items.

### Non-Farming Income

Income from non-farming sources should be shown separately. The most common examples of non-farming income include:

- interest received
- income derived by a farmer from carrying on a trade other than farming
- annuities
- rental income from farmland.
An organisation qualifies as a public benefit organisation (PBO) if it carries out certain defined and approved public benefit activities in a non-profit manner substantially in South Africa. The annual trading income exemption for a PBO is the greater of:

- 5% of total receipts and accruals; or
- R200 000 (2010: R150 000).

Income in excess of this exemption is subject to tax at 28%. An approved PBO is exempt from provisional tax.

A recreational club is a non-profit organisation which provides social and recreational amenities or facilities for its members. The annual trading income exemption for recreational clubs is the greater of:

- 5% of total membership fees and subscriptions; or
- R120 000 (2010: R100 000).

Income in excess of this exemption is subject to tax at 28%.

Levies received by sectional title body corporates or share block companies are exempt from Income Tax. In addition to this exemption all other receipts and accruals are exempt up to a maximum of R50 000 per annum. Income in excess of this exemption is subject to tax at 28%. Sectional title body corporates and share block companies are exempt from provisional tax.

The Skills Development Act seeks to restructure the existing training system and upgrade the level of skills and access to skills by workers. The Skills Development Levy is payable by employers at a rate of 1% of remuneration as from 1 April 2001 (previously 0.5%). As from 1 August 2005, employers paying annual remuneration of less than R500 000 are exempt from this levy. Directors remuneration, on the same basis as for PAYE, will be subject to the Skills Development Levy.
### Normal Income Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3601</td>
<td>Income</td>
</tr>
</tbody>
</table>
| 3602 | Income (Excl)  
  Now includes 3604 (Pension), 3609 (Arbitration Award), and 3612 (Purchased Annuity) |
| 3603 | Pension |
| 3605 | Annual Payment |
| 3606 | Commission |
| 3608 | Arbitration Award |
| 3610 | Annuity from a Retirement Annuity Fund |
| 3611 | Purchased Annuity |
| 3613 | Restraint of Trade |
| 3614 | Other Retirement Lump Sums |
| 3615 | Directors Remuneration |
| 3616 | Independent Contractors |
| 3617 | Labour Brokers (PAYE/IT) |

### Allowance Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3701</td>
<td>Travel Allowance</td>
</tr>
<tr>
<td>3702</td>
<td>Reimbursive Travel Allowance (IT)</td>
</tr>
<tr>
<td>3703</td>
<td>Reimbursive Travel Allowance (Excl)</td>
</tr>
<tr>
<td>3704</td>
<td>Subsistence Allowance - Local Travel (IT)</td>
</tr>
<tr>
<td>3707</td>
<td>Share Options Exercised (Section 8A)</td>
</tr>
<tr>
<td>3708</td>
<td>Public Office Allowance</td>
</tr>
</tbody>
</table>
| 3713 | Other Allowances  
  Now includes 3706 (Entertainment), 3710 (Tool) and 3711 (Computer) and 3712 (Telephone/Cellphone) |
| 3714 | Other Allowance - (Excl)  
  Now includes 3705 (S&T Local Travel), 3709 (Uniform) and 3716 (S&T Foreign Travel) |
| 3715 | Subsistence Allowance - Foreign Travel (IT) |
| 3717 | Broad-Based Employee Share Plan (Section 8B) |
| 3718 | Employee Equity Instruments (Section 8C) |

### Fringe Benefit Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
</table>
| 3801 | General Fringe Benefits  
  Now includes 3803 (Use of Asset), 3804 (Meals) and 3807 (Loans) |
| 3802 | Right of Use of Motor Vehicle |
| 3805 | Accommodation |
| 3806 | Services |
| 3808 | Payment of Debt |
| 3809 | Bursaries or Scholarships |
| 3810 | Company Contribution to Medical Aid |
| 3813 | Cost related to Medical Services paid by Company |
| 3815 | Non Taxable Bursaries or Scholarships to Employees and/or their Dependants |

### Gross Remuneration Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3696</td>
<td>Gross Non-Taxable Income</td>
</tr>
<tr>
<td>3697</td>
<td>Gross Retirement Funding Employment Income</td>
</tr>
<tr>
<td>3698</td>
<td>Gross Non-Retirement Funding Employment Income</td>
</tr>
</tbody>
</table>

### Lump Sum Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3901</td>
<td>Gratuities (Retirement/Retrenchment)</td>
</tr>
<tr>
<td>3906</td>
<td>Special Remuneration (e.g. proto-teams)</td>
</tr>
</tbody>
</table>
4307  Other Lump Sums (e.g. backdated salaries extended over previous tax year, non-approved funds)
4308  Surplus Apportionments on or after 1 January 2006
4309  Unclaimed Benefits paid by Fund
4315  Pension, Provident or Retirement Annuity Fund Lump Sum Benefits paid on or after 1 October 2007
4320  Lump Sum Withdrawal Benefits from Retirement Funds after 28 February 2009
4321  Living Annuity and Section 15C Surplus Apportionments accruing after 28 February 2009

**Deduction Codes**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4001</td>
<td>Current Pension Fund Contributions</td>
</tr>
<tr>
<td>4002</td>
<td>Arrear Pension Fund Contributions</td>
</tr>
<tr>
<td>4003</td>
<td>Current and Arrear Provident Fund Contributions</td>
</tr>
<tr>
<td>4005</td>
<td>Medical Aid Contributions paid by Employer or Pension Fund</td>
</tr>
<tr>
<td>4006</td>
<td>Current Retirement Annuity Fund Contributions</td>
</tr>
<tr>
<td>4007</td>
<td>Arrear (Re-Instated) Retirement Annuity Fund Contributions</td>
</tr>
<tr>
<td>4011</td>
<td>Allowable Donations - section 18A</td>
</tr>
<tr>
<td>4015</td>
<td>Travel Expenses - employee does not receive travel allowance</td>
</tr>
<tr>
<td>4017</td>
<td>Expense Incurred iro Subsistence Allowance (local)</td>
</tr>
<tr>
<td>4018</td>
<td>Premiums paid for Loss of Income Policies</td>
</tr>
<tr>
<td>4019</td>
<td>Expense Incurred iro Subsistence Allowance (foreign)</td>
</tr>
<tr>
<td>4022</td>
<td>Expense Not Recovered by Medical Aid in respect of Disabled Person</td>
</tr>
<tr>
<td>4024</td>
<td>Medical Services Costs Deemed paid for Immediate Family</td>
</tr>
<tr>
<td>4026</td>
<td>Arrear Pension Fund Contributions - Non-Statutory Forces</td>
</tr>
<tr>
<td>4027</td>
<td>Wear and Tear on Assets, owned by the employee, used for business</td>
</tr>
<tr>
<td>4028</td>
<td>Home Office Expenditure (amount is subject to the formula)</td>
</tr>
<tr>
<td>4030</td>
<td>Donations paid by the Employer to the Organisation</td>
</tr>
<tr>
<td>4040</td>
<td>Medical Aid Contributions paid by the Employee</td>
</tr>
<tr>
<td>4044</td>
<td>Legal Expenses Incurred iro Salary Income</td>
</tr>
<tr>
<td>4048</td>
<td>Donation to Minor Child</td>
</tr>
<tr>
<td>4149</td>
<td>Total SDL and UIF</td>
</tr>
<tr>
<td>4474</td>
<td>Employers Medical Aid Contributions</td>
</tr>
<tr>
<td>4493</td>
<td>Employers Medical Aid Contributions i.r.o. Retired Employees</td>
</tr>
<tr>
<td>4497</td>
<td>Total Deductions</td>
</tr>
</tbody>
</table>

**Employees Tax Deduction and Reason Codes**

<table>
<thead>
<tr>
<th>Code</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>4101</td>
<td>SITE</td>
</tr>
<tr>
<td>4102</td>
<td>PAYE</td>
</tr>
<tr>
<td>4115</td>
<td>Tax on Retirement Lump Sum Benefits</td>
</tr>
<tr>
<td>4116</td>
<td>Medical Scheme Fees Tax Credit</td>
</tr>
<tr>
<td>4141</td>
<td>UIF Employee and Employer Contribution</td>
</tr>
<tr>
<td>4142</td>
<td>SDL Contribution</td>
</tr>
<tr>
<td>4150</td>
<td>01 - Invalid from March 2002</td>
</tr>
<tr>
<td></td>
<td>02 - Earn Less than the Tax Threshold</td>
</tr>
<tr>
<td></td>
<td>03 - Independent Contractor</td>
</tr>
<tr>
<td></td>
<td>04 - Non Taxable Earnings (including nil directive)</td>
</tr>
<tr>
<td></td>
<td>05 - Exempt Foreign Employment Income</td>
</tr>
<tr>
<td></td>
<td>06 - Directors Remuneration - Income Determined in the Following Tax Year</td>
</tr>
<tr>
<td></td>
<td>07 - Labour Broker with IRP30</td>
</tr>
</tbody>
</table>

**Foreign Employment Income**

For employees with foreign employment income the value of 50 must be added to each relevant IRP5 code.

Example: Code 3601 will become 3651 for Foreign Income.
The complete source code listing is available on the SARS website www.sars.gov.za

The maximum lending rates of interest are calculated as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage agreements</td>
<td>(((\text{Repo rate} \times 2.2) + 5%)) per year</td>
</tr>
<tr>
<td>Credit facilities</td>
<td>(((\text{Repo rate} \times 2.2) + 10%)) per year</td>
</tr>
<tr>
<td>Unsecured credit transactions</td>
<td>(((\text{Repo rate} \times 2.2) + 20%)) per year</td>
</tr>
<tr>
<td>Short term credit transactions</td>
<td>5% per month</td>
</tr>
<tr>
<td>Other credit agreements</td>
<td>(((\text{Repo rate} \times 2.2) + 10%)) per year</td>
</tr>
<tr>
<td>Incidental credit agreements</td>
<td>2% per month</td>
</tr>
</tbody>
</table>

The National Credit Act does not apply to large agreements as defined, or to credit agreements where the consumer is a juristic person with a turnover above a defined threshold, the state or an organ of the state, or where the lender is the South African Reserve Bank or a foreigner.
The Tax Administration Act was promulgated on 4 July 2012 and is effective from 1 October 2012. This act consolidates all administration provisions of the various acts administered by SARS, except for Customs Duty, into a single administration act.

The new Tax Administration Act introduces an ongoing Voluntary Disclosure Programme formalising pre and post audit notification voluntary disclosures. The new relief will only be in respect of penalties (excluding late submission), additional tax and criminal prosecution but not interest and foreign exchange contraventions.

<table>
<thead>
<tr>
<th>Behaviour</th>
<th>Standard case</th>
<th>Obstructive or repeat case</th>
<th>Voluntary disclosure after audit notification</th>
<th>Voluntary disclosure before audit notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantial understatement</td>
<td>25%</td>
<td>50%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Reasonable care not taken in completing return</td>
<td>50%</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>No reasonable grounds for tax position</td>
<td>75%</td>
<td>100%</td>
<td>35%</td>
<td>0%</td>
</tr>
<tr>
<td>Gross negligence</td>
<td>100%</td>
<td>125%</td>
<td>50%</td>
<td>5%</td>
</tr>
<tr>
<td>Intentional tax evasion</td>
<td>150%</td>
<td>200%</td>
<td>75%</td>
<td>10%</td>
</tr>
</tbody>
</table>

SARS may waive the understatement penalty if the taxpayer is in possession of an opinion given by a registered tax practitioner before the return was due and the practitioner had been given all the material facts and concluded that the taxpayer was more than likely correct in the tax treatment of the transaction.

A tax clearance certificate can only be obtained if the taxpayer is registered for tax and does not have any tax debt outstanding (except if the debt has been suspended pending objection or appeal or is less than R100) or returns outstanding (except if arrangements are in place to submit those returns). SARS is obliged to issue or decline the clearance, within 21 business days from the application date. SARS may withdraw a certificate, with effect from the original date of issue if the certificate was issued in error or obtained on the basis of misrepresentation.
Failure to submit certain returns or information will give rise to the following fixed rate penalties:

<table>
<thead>
<tr>
<th>Assessed loss or taxable income for preceding year</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed loss</td>
<td>R 250</td>
</tr>
<tr>
<td>R 0 – R 250 000</td>
<td>R 250</td>
</tr>
<tr>
<td>R 250 001 – R 500 000</td>
<td>R 500</td>
</tr>
<tr>
<td>R 500 001 – R 1 000 000</td>
<td>R 1 000</td>
</tr>
<tr>
<td>R 1 000 001 – R 5 000 000</td>
<td>R 2 000</td>
</tr>
<tr>
<td>R 5 000 001 – R 10 000 000</td>
<td>R 4 000</td>
</tr>
<tr>
<td>R 10 000 001 – R 50 000 000</td>
<td>R 8 000</td>
</tr>
<tr>
<td>Above R50 000 000</td>
<td>R 16 000</td>
</tr>
</tbody>
</table>

The penalty will automatically be imposed monthly until the taxpayer remedies the non-compliance.

- **At present this penalty is only leviable if a taxpayer has more than one year's tax return outstanding**
- **Late payment of PAYE and provisional tax attracts a penalty of 10% of the amount due**
- **Late submission of the PAYE reconciliation attracts a penalty of 10% of the PAYE deducted for the tax year.**

### SUSPENSION OF PAYMENT

Subject to a formal application to SARS the payment of tax may be suspended pending an objection or appeal.

SARS is required to consider the compliance history of the taxpayer, the risk of dissipation of assets during the period of suspension, the security provided, whether the amounts involved would cause irreparable financial hardship to the taxpayer, whether liquidation is imminent, whether fraud was involved and whether the taxpayer furnished information as requested.

The suspension may be revoked with immediate effect if no objection is lodged, the objection is found to be frivolous or vexatious, there is a material change in any of the factors previously considered or dilatory tactics are being employed.

No recovery proceedings may be taken by SARS for ten business days after notice of the SARS decision or revocation, unless there is a risk of dissipation of assets by the person concerned.

### MARRIED IN COMMUNITY OF PROPERTY

Taxpayers who are married in community of property are taxed on half of their own interest, dividend, rental income and capital gain and half of their spouses' interest, dividend, rental income and capital gain, regardless of the spouse in whose name the assets are registered (other than assets excluded from the joint estate). All other taxable income is taxed only in the hands of the spouse who receives that income.
Donations Tax is payable at a rate of 20% on the value of any property disposed of gratuitously by a South African resident (natural person, corporate entity or trust) excluding donations exempt from the tax. The tax is payable within three months of the donation taking effect.

**Exempt donations include:**

- Donations by natural persons up to R100 000 per year (2006: R50 000)
- Donations by corporate entities not considered to be public companies up to R10 000 per year
- Donations between spouses not separated
- *Bona fide* maintenance payments
- Donations to PBO’s and qualifying traditional councils and communities
- Donations where the donee will not benefit until the death of the donor
- Donations made by companies which are recognised as public companies for tax purposes
- Donations cancelled within six months of the effective date
- Property disposed of under and in pursuance of any trust
- Donation of property or a right in property situated outside South Africa if acquired by the donor:
  - before becoming resident in South Africa for the first time
  - by inheritance or donation from a non-resident
- Donations between companies forming part of the same group of companies.

**ESTATE DUTY**

**Rates of Estate Duty**

- Persons deceased prior to 1 October 2001 - 25%
- Persons deceased on or after 1 October 2001 - 20%

**Exemptions from Estate Duty include:**

- Persons deceased prior to 1 March 2006, the first R1 500 000
- Persons deceased on or after 1 March 2006, the first R2 500 000
- Persons deceased on or after 1 March 2007, the first R3 500 000
- Any bequest to a surviving spouse or a public benefit organisation
- As from 1 January 2010, the unutilised portion of the exemption of the first deceased spouse may be carried forward to the estate of the surviving spouse.

**EXECUTORS REMUNERATION**

An executor is entitled to either of the following remuneration:

- the remuneration stipulated in the will
- 3.5% on the value of gross assets and 6% on income accrued and collected from date of death

Executors remuneration is subject to VAT where the executor is registered as a vendor.
Retention periods commence from the date of the last entry in the particular record.

### Companies

<table>
<thead>
<tr>
<th>Record</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of Incorporation/Registration Certificate</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Certificate of Change of Name</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Memorandum and Articles of Association/Incorporation</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Certificate to Commence Business</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Share/Securities Register, Minute Book, CM25 and CM26</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Rules</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Annual Financial Statements</td>
<td>15 years</td>
</tr>
<tr>
<td>Books of Account</td>
<td>15 years</td>
</tr>
<tr>
<td>Supporting schedules to books of account and ancillary books of account</td>
<td>15 years</td>
</tr>
<tr>
<td>Fixed Asset Registers</td>
<td>15 years</td>
</tr>
<tr>
<td>Proxy Forms</td>
<td>3 years</td>
</tr>
</tbody>
</table>

### Close Corporations

<table>
<thead>
<tr>
<th>Record</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding Statement (CK1)</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Amended Founding Statement (CK2)</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Minute Book</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Annual Financial Statements</td>
<td>15 years</td>
</tr>
<tr>
<td>Books of Account</td>
<td>15 years</td>
</tr>
<tr>
<td>Accounting records including supporting schedules</td>
<td>15 years</td>
</tr>
<tr>
<td>Fixed Asset Registers</td>
<td>15 years</td>
</tr>
</tbody>
</table>

When a company or close corporation reproduces its records on microfilm, the original may be destroyed after a period of three years. The microfilm copies must be retained indefinitely.

### Other Suggested Periods of Retention

(Where relevant statutory or legal requirements have been taken into account)

<table>
<thead>
<tr>
<th>Record</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records of trust monies</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Tax returns and assessments (after date of assessment)</td>
<td>5 years</td>
</tr>
<tr>
<td>Staff personnel records (after employment ceased)</td>
<td>3 years</td>
</tr>
<tr>
<td>Salary and wage registers</td>
<td>3 years</td>
</tr>
<tr>
<td>Paid cheques and bills of exchange</td>
<td>6 years</td>
</tr>
<tr>
<td>Invoices – sales and purchases</td>
<td>5 years</td>
</tr>
<tr>
<td>Bank statements and vouchers</td>
<td>5 years</td>
</tr>
<tr>
<td>Stock sheets – listed company</td>
<td>6 years</td>
</tr>
<tr>
<td>Stock sheets – unlisted company</td>
<td>5 years</td>
</tr>
<tr>
<td>Year-end working papers</td>
<td>5 years</td>
</tr>
<tr>
<td>VAT records</td>
<td>5 years</td>
</tr>
<tr>
<td>Other vouchers and general correspondence</td>
<td>5 years</td>
</tr>
</tbody>
</table>

The above list is not comprehensive.
INDEPENDENT OFFICES IN SOUTHERN AFRICA

SOUTH AFRICA
Bloemfontein
46 First Avenue
Westdene, 9301
Tel: (051) 400 0500
Fax: (051) 400 0550

Cape Town
21st & 22nd Floors
2 Long Street
Cape Town, 8001
Tel: 0861 000 PKF
Tel: (021) 405 5340
Fax: (021) 405 5353

Durban
12 on Palm Boulevard
Gateway, 4319
Tel: (031) 573 5000
Fax: (031) 566 4666

George
124 Cradock Street
George, 6529
Tel: (044) 874 2320
Fax: (044) 873 6529

Johannesburg
42 Wiera Road West
Wiera Valley, 2196
Tel: (011) 384 8000
Fax: (011) 384 8008

Port Elizabeth
PKF House
27 Newton Street
Newton Park, 6045
Tel: (041) 398 5600
Fax: (041) 364 1110

Pretoria
434 Rigel Avenue South
Erasmusrand
Pretoria, 0181
Tel: 0861 753 782
Tel: (012) 347 3820
Fax: (012) 347 3737

Windhoek
PKF House
27 Newton Street
Newton Park, 6045
Tel: (041) 398 5600
Fax: (041) 364 1110

Welkom
296 Stateway
Bedelia
Welkom, 9459
Tel: (057) 353 2601/2
Fax: (057) 353 2318

NAMIBIA
Windhoek
31 Feld Street
Windhoek, 9000
Tel: +26461 22 0662
Fax: +26461 22 0935

SWAZILAND
Manzini
1st Floor Swaki House
Mhlatukuvane Street
Manzini
Swaziland, M200
Tel: +268 2505 7079
Fax: +268 2505 4016

OUR SERVICES

Audit and corporate services
Auditing - external and internal
Accounting
Company secretarial services
Management consulting services
IT risk services

Tax planning and compliance
Corporate and personal taxation
International tax
Indirect tax

Integrated reporting
Preparation and strategic alignment
Data gathering, synthesis and writing
Report review and assurance

Corporate finance
Mergers, acquisitions and disposals
Financial and tax due diligence
Listings
Valuations
Regulatory support
Management buy-outs
Corporate restructuring
New business formations

Corporate governance
Compliance appraisal and manuals
Corporate governance review

Wealth management
Personal financial planning
Estate planning and administration
Wills and trusts

International and other services
Exchange control
BEE consulting and training
BEE verification
IT support
Recruitment
Liquidations

PKF International Limited is a global network of legally independent member firms, providing expertise in accounting and business advisory services in over 125 countries and is ranked as the seventh largest network in Africa.

PKF South Africa Inc is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. PKF in South Africa practise as separate incorporated entities.

This booklet is available on http://www.pkf.co.za

Printed and bound by Pinetown Printers Tel: 031 701 8019