Individuals Income Tax

Rates and Rebates

All persons (including deceased estates) other than companies and trusts, but including special trusts†

Taxable income	Rates of tax – years of assessment ending on 28 February 2011
R	R
0 – 140,000	18% of each R
140,001 – 221,000	R25,200 + 25% of each R above R140,000
221,001 – 305,000	R45,450 + 30% of each R above R221,000
305,001 – 431,000	R70,650 + 35% of each R above R305,000
431,001 – 552,000	R114,750 + 38% of each R above R431,000
552,001 +	R160,730 + 40% of each R above R552,000

Ordinary Trusts are taxed at a flat rate of 40%

†A special trust is: (a) a trust created solely for the benefit of a person who suffers from a mental illness or serious physical disability; or (b) a testamentary trust for relatives under the age of 21.

Rebates	2009/10	2010/11
Primary	R9,756	R10,260
Additional - 65 years and older	R5,400	R5,675

Tax Thresholds	2009/10	2010/11
Under 65	R54,200	R57,000
65 years and older	R84,200	R88,528

Retirement fund lump sum – Withdrawal benefits	
Lump sum amount	Rates of Tax
0 – 22,500	Exempt
22,501 – 600,000	18% of each R above R22,500
600,001 – 900,000	R103,950 + 27% of each R above R600,000
900,001 +	R184,950 + 36% of each R above R900,000

Retirement fund lump sum – Retirement benefits	
Lump sum amount	Rates of Tax
0 – 300,000	Exempt
300,001 – 600,000	18% of each R above R300,000
600,001 – 900,000	R54,000 + 27% of each R above R600,000
900,001 +	R135,000 + 36% of each R above R900,000

Exemptions and Deductions

Interest Exemption (including taxable foreign dividends)	2009/10	2010/11
Under 65	R21,000	R22,300
65 years and older	R30,000	R32,000

Deduction for medical expenses	2009/10	2010/11
65 years and older	No limit	No limit
Handicap (i.e. taxpayer or any dependant)	No limit	No limit
Under 65 :		
Medical scheme contributions (Deduction per month)		
• Taxpayer	R625	R670
• First dependant	R625	R670
• Each additional dependant	R380	R410
Other medical expenses		
• Threshold – % of Taxable Income	7.5%	7.5%

Employees

Employees' tax	2009/10	2010/11
SITE threshold*	R60,000	R60,000
Taxable portion of travel allowance	60%	80%

*Proposal to abolish SITE from 1 March 2011

Travel Allowances

Deemed cost rates per kilometre			
Value of vehicle (including VAT R)	Fixed cost	Fuel cost	Maintenance
R	(R p.a.)	(c/km)	(c/km)
0 – 40,000	14,672	58.6	21.7
40,001 – 80,000	29,106	58.6	21.7
80,001 – 120,000	39,928	62.5	24.2
120,001 – 160,000	50,749	68.6	28.0
160,001 – 200,000	63,424	68.8	41.1
200,001 – 240,000	76,041	81.5	46.4
240,001 – 280,000	86,211	81.5	46.4
280,001 – 320,000	96,260	85.7	49.4
320,001 – 360,000	106,367	94.6	56.2
360,001 +	116,012	110.3	75.2

	2009/10	2010/11
Deemed private travel	18,000 km	n/a*
Total annual travel limit	32,000 km	n/a*
Alternative deemed rate per km (subject to conditions)	292 c/km	292 c/km

* Taxpayers are required to record business travel in log book

Company Cars (private use of employer-owned vehicle)

Taxable benefit	Taxable % of determined value)
For each month of use	2.5%
Employee bears cost of:	Reduce monthly % by:
• all fuel	• 0.22%;
• full maintenance	• 0.18%
Additional vehicle	4%

NOTE: The taxable value of the company car benefit may be increased. The extent of the increase and the effective date is to be announced.

Deemed Subsistence Allowances and Advances

	2008/09	2009/10
Meals and incidental costs (in SA)	R260 per day	R276 per day
Incidental costs only	R80 per day	R85 per day
Accommodation outside SA	Country rates published by Government Notice	Country rates published by Government Notice
All rates subject to periodic change		

Companies

Company Tax Rates

	2009/10	2010/11
Normal income tax	28%	28%
Personal service provider companies	33%	33%
SA branches of foreign companies	33%	33%
STC	10%	10%

Small Business Corporation

Taxable Income	Rate of Tax
0 – R57,000	0%
R57,001 – R300,000	10% of each R above R57,000
R300,001 +	R24,300 + 28% of each R above R300,000

Micro Business – Turnover Tax

Turnover	Tax liability
R	R
0 – 100,000	0%
100,001 – 300,000	1% of each R above R100,000
300,001 – 500,000	R2,000 + 3% of each R above R300,000
500,001 – 750,000	R8,000 + 5% of each R above R500,000
750,001 – 1,000,000	R20,500 + 7% of each R above R750,000

Capital Gains Tax

Person	Inclusion rate %		Max effective rate %	
	2009/10	2010/11	2009/10	2010/11
Natural persons	25	25	10	10
Special trusts	25	25	10	10
Other trusts	50	50	20	20
Companies	50	50	14	14

Exclusions	2009/10	2010/11
Primary residence		
• Capital Gain or Loss; OR	R1.5m	R1.5m
• Gross Value not exceeding	R2m	R2m
Annual exclusion:		
Annual	R17,500	R17,500
Year of death	R120,000	R120,000

VAT

	2009/10	2010/11
Rate	14%	14%
Registration threshold:		
• Compulsory	R1,000,000	R1,000,000
• Voluntary	R20,000	R50,000

Payments to Non-Residents

Type of payment	Withholding tax
Dividends	0%
Interest	0%
Royalties	12%
Visiting entertainers & sportspeople	15%
Sale of immovable property in SA by a non-resident	Trust: 10% Company: 7.5% Natural person: 5%

Donations Tax

	2009/10	2010/11
Rate	20%	20%
Annual exemption:		
• Natural Persons	R100,000	R100,000
• Other	R10,000	R10,000

Estate Duty

	2009/10	2010/11
Rate	20%	20%
Abatement	R3.5m	R3.5m

South African Offices

	Telephone		Fax
Bloemfontein	(051)	503-4100	503-4399
Cape Town	(021)	529-2000	529-3300
Durban	(031)	250-3700	202-8220
East London	(043)	707-9600	707-9700
Johannesburg	(011)	797-4000	797-5800
Kimberley	(053)	807-9000	830-2160
Lichtenburg	(018)	632-3078	632-4915
Louis Trichardt/Makhado	(015)	291-0191	516-0743
Mafikeng	(018)	386-4700	386-4900
Nelspruit	(013)	754-3300	754-3400
Paarl	(021)	807-7100	807-7200
Pietermaritzburg	(033)	343-8600	347-5957
Polokwane	(015)	291-0100	291-0200
Port Elizabeth	(041)	391-4400	391-4500
Pretoria	(012)	429-0000	429-0100
Richards Bay	(035)	901-8880	789-6097
Robertson	(023)	626-3041	626-5052
Stellenbosch	(021)	808-0400	808 0500
Welkom	(057)	916-0000	916-0201
Worcester	(023)	346-5500	346-5600

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The information contained in this booklet is based on our interpretation of the existing legislation and budget proposals. These proposals are subject to amendment during the forthcoming debate in the National Assembly before they become law. Whilst we have taken every care in preparing this booklet we cannot accept responsibility for any inaccuracies that may arise.

We suggest that you use this booklet as a guide, but that you consult us before taking any decisions based on the information contained herein.

Transfer duty

Transferee	2009/10	2010/11
Natural person		
Value of property		
• R0 - R500,000	0%	0%
• R500,001 – R1,000,000	5% on value above R500,000	5% on value above R500,000
• R1,000,001 and above	R25,000 plus 8% on value above R1m	R25,000 plus 8% on value above R1m
Other person	8%	8%

Other rates

	2009/10	2010/11
Skills development levy:		
• Rate	1%	1%
• Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer & employee)	1% + 1%	1% + 1%

Interest Rates

With effect from	A %	B %	C %
01/12/03	7.5	11.5	9.5
01/03/04	7.5	11.5	9.0
01/09/04	7.5	11.5	11.5
01/11/04	6.5	10.5	11.5
01/09/05	6.5	10.5	8.0
01/09/06	6.5	10.5	9.0
01/11/06	7.0	11.0	9.0
01/03/07	8.0	12.0	10.0
01/09/07	8.0	12.0	11.0
01/11/07	9.0	13.0	11.0
01/03/08	10.0	14.0	12.0
01/09/08	11.0	15.0	13.0
01/03/09	11.0	15.0	11.5
01/05/09	9.5	13.5	11.5
01/06/09	9.5	13.5	9.5
01/07/09	8.5	12.5	8.5
01/08/09	7.5	11.5	8.5
01/09/09	6.5	10.5	8.0

A. SARS pays interest to taxpayer on provisional tax overpayment

B. SARS pays interest to taxpayer in all instances other than A (including VAT refunds) AND
Taxpayer pays interest to SARS on taxes late/under-paid (including income tax and VAT)

C. Official rate of interest for purposes of tax on fringe benefits

Penalties

Tax area	Reason	Penalty
Provisional tax	1st or 2nd payment late	10%
Provisional tax	Underestimate	20%
Provisional tax	3rd payment late	0% (but interest potentially payable)
VAT	Late payment	10%
VAT	Misrepresentation / Intention to evade tax	Up to 200%
Income tax	Error, omission or incorrect statement	200% but may be reduced
Employees tax	Late payment Late filing of EMP501	10% 10%
Employees tax	Misrepresentation / Intention to evade tax	Up to 200%

Fixed Penalties (per month): Income Tax Act Non-Compliance

Taxable income for preceding year	Penalty
Assessed loss	R250
R0 – R250,000	R250
R250,001 – R500,000	R500
R500,001 – R1000,000	R1,000
R1,000,001 – R5,000,000	R2,000
R5,000,001 – R10,000,000	R4,000
R10,000,000 – R50,000,000	R8,000
Above R50,000,000	R16,000
Maximum successive penalties: 36 (SARS in possession of address) or 48 (SARS not in possession of address)	

Tax Calendar

STC payments	Last day of the month following the month in which dividend cycle ends
Provisional tax	
February year-end	
• 1st payment	6 months before year-end (31 Aug)
• 2nd payment	At year end (end-February)
• 3rd payment	7 months after year-end (30 Sep)
Other than Feb	
• 1st payment	6 months prior to year end
• 2nd payment	At year end
• 3rd payment	6 months after year end
Other taxes and levies	
VAT	25th of month after tax period (Special e-filing rules)
PAYE	7th day of each following month
SDL	7th day of each following month
UIF	7th day of each following month

Turning up the heat*

Tax Information 2010/2011