

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 2010
R	R
0 – 132,000	18% of each R
132,001 – 210,000	R23,760 + 25% of each R above R132,000
210,001 – 290,000	R43,260 + 30% of each R above R210,000
290,001 – 410,000	R67,260 + 35% of each R above R290,000
410,001 – 525,000	R109,260 + 38% of each R above R410,000
525,001 +	R152,960 + 40% of each R above R525,000

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 minor relatives.

Rebates	2008/09	2009/10
Primary	R8,280	R9,756
Additional - 65 years and older	R5,040	R5,400

Retirement fund lump sum – Withdrawal benefits	
Lump sum amount	Rates of Tax
0 – 22,500	Exempt
22,501 – 322,500	18% of each R above R22,500
322,501 – 622,500	R54,000 + 27% of each R above R322,500
622,501 +	R135,000 + 36% of each R above R622,500

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)	2008/09	2009/10
65 years and older	R27,500	R30,000
Under 65	R19,000	R21,000

Deduction for medical expenses	2008/09	2009/10
65 years and older	unlimited	unlimited
Handicap (i.e. taxpayer or any dependant)	unlimited	unlimited
Under 65 :		
Medical scheme contributions (Deduction per month)		
• Taxpayer	R570	R625
• First dependant	R570	R625
• Each additional dependant	R345	R380
Other medical expenses		
• Threshold- % of Taxable Income	7.5%	7.5%

Employees

Employees' tax	2008/09	2009/10
SITE threshold	R60,000	R60,000
Taxable portion of travel allowance	60%	60%

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
over 360,000	116,012	110.3	75.2

	2008/09	2009/10
Deemed private travel	18,000 km	18,000 km
Deemed total annual travel	32,000 km	32,000 km
Alternative deemed rate per km (subject to conditions)	292 c/km	292 c/km

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%

Deemed Subsistence Allowances and Advances

	2008/09	2009/10
Meals and incidental costs (in SA)	R240 per day	R260 per day
Incidental costs only	R73.50 per day	R80 per day
Accommodation outside SA	\$215 per day	\$215 per day

All rates subject to periodic change

Companies

Company Tax Rates

	2008/09	2009/10
Normal income tax	28%	28%
Employment company	33%	33%
SA branches of foreign companies	33%	33%
STC	10%	10%

Small Business Corporation

Taxable Income	Rate of Tax
0 – R54,200	0%
R54,201 – R300,000	10% of each R above R54,200
R300,001 and above	R24,580 + 28% of each R above R300,000

Very Small 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 %	
	2008/09	2009/10	2008/09	2009/10
Natural persons	25	25	10	10
Special trusts	25	25	10	10
Other trusts	50	50	20	20
Companies	50	50	14	14

Exclusions	2008/09	2009/10
Primary residence		
• Capital Gain or Loss; OR	R1.5	R1.5m
• Gross Value not exceeding	n/a	R2m
Annual exclusion:		
Annual	R16,000	R17,500
Year of death	R120,000	R120,000

VAT

	2008/09	2009/10
Rate	14%	14%
Registration threshold	R300,000	R1,000,000

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

	2008/09	2009/10
Rate	20%	20%
Annual exemption:		
• Natural Persons	R100,000	R100,000
• Other	R10,000	R10,000

Estate Duty

	2008/09	2009/10
Rate	20%	20%
Abatement	R3.5m	R3.5m

Transfer duty

Transferee	2008/09	2009/10
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

	2007/08	2008/09
Skills development levy:		
• Rate	1%	1%
• Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer & employee)	1% + 1%	1% + 1%

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.

Interest Rates

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

- 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	10%
Employees tax	Late filing of EMP501	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 – R1,000,000	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	6 months before year-end (31 Aug) At year end (end-February) 7 months after year-end (30 Sep)
• 1 st payment	
• 2 nd payment	
• 3 rd payment	
Other than Feb	6 months prior to year end At year end 6 months after year end
• 1 st payment	
• 2 nd payment	
• 3 rd payment	
Other taxes and levies	25th of month after tax period (Special e-filing rules) 7th day of each following month 7th day of each following month 7th day of each following month
VAT	
PAYE	
SDL	
UIF	

South African Offices

	Telephone	Fax
Bloemfontein	(051) 503-4100	503-4399
Cape Town	(021) 529-2000	529-3300
Ceres	(023) 312-1140	316-1368
Durban	(031) 250-3700	202-8220
East London	(043) 726-9380	726-9390
Johannesburg	(011) 797-4000	797-5800
Kimberley	(053) 807 9000	830-2160
Lichtenburg	(018) 632-3078	632-4915
Louis Trichardt/Makhado	(015) 516-3386	516-3386
Mafikeng	(018) 386-4700	386-4900
Nelspruit	(013) 754-3300	754-3400
Paarl	(021) 807-7100	807-7200
Pietermaritzburg	(033) 347-0537	347-5957
Polokwane	(015) 291-0100	291-3833
Port Elizabeth	(041) 391-4400	391-4500
Pretoria	(012) 429-0000	429-0100
Richards Bay	(035) 789-6029	789-6097
Robertson	(023) 626-3041	626-5052
Stellenbosch	(021) 808 0400	808 0500
Welkom	(057) 357-2311	352-1707
Worcester	(023) 347-0941	347-3642

Managing Partner, Tax Services

Paul de Chalain
paul.de.chalain@za.pwc.com

National Tax Technical Support

Osman Mollagee
osman.mollagee@za.pwc.com

Weathering the storm*

Tax Information 2009/2010

