

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 2009
R	R
0 – 122,000	18% of each R
122,001 – 195,000	21,960 + 25% of each R above 122,000
195,001 – 270,000	40,210 + 30% of each R above 195,000
270,001 – 380,000	62,710 + 35% of each R above 270,000
380,001 – 490,000	101,210 + 38% of each R above 380,000
+ 490,001	143,010 + 40% of each R above 490,000

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	2007/08	2008/09
Primary	R7,740	R8,280
Additional – 65 years and older	R4,680	R5,040

Exemptions and deductions

Interest exemption (including taxable foreign dividends)	2007/08	2008/09
65 years and older	R26,000	R27,500
Under 65	R18,000	R19,000

Deduction for medical expenses	2007/08	2008/09
65 years and older	unlimited	unlimited
Handicap (i.e. taxpayer or any dependant)	unlimited	unlimited
Under 65: Medical scheme contributions (Deduction per month)		
• Taxpayer	R530	R570
• First dependent	R530	R570
• Each additional dependent	R320	R345
Other medical expenses		
• Threshold % of Taxable Income	7.5%	7.5%

Contributions to retirement funds – Current contributions

(Different rules for ‘arrear’ contributions)

Pension: Limited (annually) to the greater of:

- R1,750; or
- 7.5% of retirement-funding employment income

Retirement annuity: Limited (annually) to the greater of:

- R1,750; or
- R3,500, less the pension deduction; or
- 15% of net non-retirement-funding employment income

Provident : No deductions

Employees

Employees' tax	2007/08	2008/09
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 (R p.a.)	Fuel cost (c/km)	Maintenance (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

	2007/08	2008/09
Deemed private travel	18,000 km	18,000 km
Alternative deemed rate per km (subject to conditions)	246 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%

VAT

	2007/08	2008/09
Rate	14%	14%
Registration threshold	R300,000	R1,000,000

Companies

Company tax rates

	2007/08	2008/09
Normal income tax	29%	28%
Employment company	34%	33%
Small business corporation:		
0 – R43,000	0%	
R43,001 – 300,000	10%	
R300,001 and above	29%	
0 – R46,000		0%
R46,001 – 300,000		10%
R300,001 and above		28%
SA branches of foreign companies	34%	33%
STC (12.5% before 1 October 2007)	10%	10%
Closely held passive companies (definition and effective date pending)	–	40%

Very small business – Turnover Tax

Turnover	Tax liability
R	R
0 – 100,000	0%
100,001 – 300,000	2% of each R above 100,000
300,001 – 500,000	4,000 plus 4% of each R above 300,000
500,001 – 750,000	12,000 plus 5,5% of each R above 500,000
750,001 – 1,000,000	25,750 plus 7,5% of each R above 750,000

- Annual turnover cannot exceed R1 million.
- This turnover tax is an alternative to Normal Income Tax on profits.
- Elective, and subject to conditions.
- Effective date to be confirmed.

Capital gains tax

Person	Inclusion rate %		Max effective rate %	
	2007/08	2008/09	2007/08	2008/09
Natural persons	25	25	10	10
Special trusts	25	25	10	10
Other trusts	50	50	20	20
Companies	50	50	14.5	14

Exclusions	2007/08	2008/09
Primary residence	R1.5 million	R1.5 million
Annual exclusion:		
• Annual	R15,000	R16,000
• Year of death	R120,000	R120,000

Payments to non-residents

Type of payment	Withholding tax
Dividends	0%
Interest	0%
Royalties	12%
Visiting entertainers & sportspeople	15% (5% iro African residents)
Sale of immovable property in SA by a non-resident	10% (trust); 7.5% (company); 5% (natural person)

Donations tax

	2007/08	2008/09
Rate	20%	20%
Annual exemption :		
• Natural persons	R100,000	R100,000
• Other	R10,000	R10,000

Estate duty

	2007/08	2008/09
Rate	20%	20%
Abatement	R3.5 million	R3.5 million

Transfer duty

Transferee	2007/08	2008/09
Natural person		
Value of property		
• R0 – R500,000	0%	0%
• R500,001 – R1,000,000	5% on value above R500k	5% on value above R500k
• 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
Tax on retirement funds	0.0%	0.0%
Skills development levy:		
• Rate	1.0%	1.0%
• Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer and employee)	1% + 1%	1% + 1%
Electricity levy	–	2c per kWh

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 %	D %	E %	F %
01/03/02	9.0	9.0	13.0	11.5	1.1	13.0
01/09/02	"	"	"	13,5	"	"
01/10/02	11.5	15.5	15.5	"	1.3†	15,5
01/03/03	"	"	"	14.5	"	"
01/04/03	12.5	16.5	16.5	"	16.5	16.5
01/07/03	11.0	15.0	15.0	13.0	15.0	15.0
01/09/03	10.0	14.0	14.0	12.0	14.0	14,0
01/10/03	9.0	13.0	13.0	"	13.0	13,0
01/12/03	7.5	11.5	11.5	9.5	11.5	11,5
01/03/04	"	"	"	9.0	"	"
01/09/04	"	"	"	8.5	"	"
01/11/04	6.5	10.5	10.5	"	10.5	10,5
01/09/05	"	"	"	8.0	"	"
01/09/06	"	"	"	9.0	"	"
01/11/06	7.0	11.0	11.0	"	11.0	11,0
01/03/07	8.0	12.0	12.0	10.0	12.0	12,0
01/09/07	"	"	"	11.0	"	"
01/11/07	9,0	"	13.0	"	13.0	13,0
01/03/08	10,0	14,0	14,0	12,0	14,0	14,0

†Calculated per month

A: SARS pays interest to taxpayer on provisional tax overpayment

B: SARS pays interest to taxpayer in all instances other than A

C: Taxpayer pays interest to SARS on income tax late/under-paid

D: Official rate of interest for purposes of tax on fringe benefits

E: Taxpayer pays interest to SARS on VAT under/late-payment

F: SARS pays interest to the taxpayer on late refund of VAT

Penalties

Tax area	Reason	Penalty
Provisional tax	1 st or 2 nd payment late	10%
Provisional tax	Underestimate	20%
Provisional tax	3 rd 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	Misrepresentation/ intention to evade tax	Up to 200%

Note: The penalty regime may be reviewed during 2008/09.

Tax calendar

STC payments	Last day of the month following the month in which dividend cycle ends
Provisional tax	
February year-end	
<ul style="list-style-type: none"> 1st payment 2nd payment 3rd payment 	<ul style="list-style-type: none"> 6 months prior to year-end (31 Aug) At year end (end-February) 7 months after year-end (30 Sep)
Other than Feb	
<ul style="list-style-type: none"> 1st payment 2nd payment 3rd payment 	<ul style="list-style-type: none"> 6 months prior to year-end At year end 6 months after year-end
Other taxes and levies	
<ul style="list-style-type: none"> VAT PAYE SDL 	<ul style="list-style-type: none"> 25th of month after tax period (Special e-filing rules) 7th day of each following month 7th day of each following month

South African offices

	Telephone	Fax
Bloemfontein	(051) 503-4100	(051) 503-4399
Cape Town	(021) 529-2000	(021) 529-3300
Ceres	(023) 312-1140	(023) 316-1368
Durban	(031) 250-3700	(031) 202-8220
East London	(043) 707-9600	(043) 707-9700
Johannesburg	(011) 797-4000	(011) 797-5800
Kimberley	(053) 839-5800	(053) 830-2160
Lichtenburg	(018) 632-3078	(018) 632-4915
LouisTrichardt/Makhado	(015) 516-3386	(015) 516-3386
Mafikeng	(018) 386-4700	(018) 386-4900
Moorreesburg	(022) 433-2274	(022) 433-2846
Nelspruit	(013) 754-3300	(013) 754-3400
Paarl	(021) 807-7100	(021) 807-7200
Phokeng/Rustenburg	(014) 566-3568	(014) 566-3474
Pietermaritzburg	(033) 347-0537	(033) 347-5957
Polokwane	(015) 291-0100	(015) 291-30200
Port Elizabeth	(041) 391-4400	(041) 391-4500
Pretoria	(012) 429-0000	(012) 429-0100
Richards Bay	(035) 901-8880	(035) 789-6097
Robertson	(023) 626-3041	(023) 626-5052
Stellenbosch	(021) 808 0400	(021) 808 0500
Welkom	(057) 357-2311	(057) 352-1707
Worcester	(023) 347-0941	(023) 347-3642

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