

## Individual income tax

### Rates and rebates

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

| Taxable income    | Rates of tax – year of assessment ending on 29 February 2016 |                               |  |
|-------------------|--|-------------------------------|--|
| R                 | R  |                               |  |
| 0 – 181,900       | 18% of each R  |                               |  |
| 181,901 – 284,100 | 32,742   | + 26% of each R above 181,900 |  |
| 284,101 – 393,200 | 59,314   | + 31% of each R above 284,100 |  |
| 393,201 – 550,100 | 93,135   | + 36% of each R above 393,200 |  |
| 550,101 – 701,300 | 149,619  | + 39% of each R above 550,100 |  |
| 701,301 +         | 208,587  | + 41% of each R above 701,300 |  |

Ordinary trusts are taxed at a flat rate of 41%

| Rebates                           | 2014/15 | 2015/16 |
|-----------------------------------|---------|---------|
| Primary                           | R12,726 | R13,257 |
| Secondary – 65 years and older    | R 7,110 | R 7,407 |
| Third rebate – 75 years and older | R 2,367 | R 2,466 |

| Tax thresholds       | 2014/15  | 2015/16  |
|----------------------|----------|----------|
| Below 65             | R 70,700 | R 73,650 |
| 65 to below 75 years | R110,200 | R114,800 |
| 75 years and older   | R123,350 | R128,500 |

### Retirement fund lump sum – Withdrawal benefits

| Lump sum amount   | Rates of tax                            |
|-------------------|---|
| 0 – 25,000        | 0%                                      |
| 25,001 – 660,000  | 18% of each R above R25,000             |
| 660,001 – 990,000 | R114,300 + 27% of each R above R660,000 |
| 990,001 +         | R203,400 + 36% of each R above R990,000 |

### Retirement fund lump sum – Retirement benefits

| Lump sum amount     | Rates of tax                              |
|---------------------|---|
| 0 – 500,000         | 0%  |
| 500,001 – 700,000   | 18% of each R above R500,000              |
| 700,001 – 1,050,000 | R36,000 + 27% of each R above R700,000    |
| 1,050,001 +         | R130,500 + 36% of each R above R1,050,000 |

### Foreign dividends\*

- Shareholding < 10% Maximum effective rate 15%
- Shareholding > 10% Exempt (subject to conditions)

\* Applicable to all shareholders (whether individuals, trusts or companies)

### Exemptions and deductions

| Interest exemption | 2014/15 | 2015/16  |
|--------------------|---------|----------|
| Under 65           | R23,800 | R 23,800 |
| 65 years and older | R34,500 | R 34,500 |

| Relief for medical expenses         | 2014/15                 | 2015/16                 |
|-------------------------------------|-------------------------|-------------------------|
| <b>All taxpayers:</b>               |                         |                         |
| <b>Medical scheme contributions</b> | <b>Rebate per month</b> | <b>Rebate per month</b> |
| • Taxpayer +                        | R257                    | R270                    |
| • First dependant                   | R514                    | R540                    |
| • Each additional dependant         | R172                    | R181                    |

| Other medical expenses          | Annual threshold       | Annual rebate   |
|---------------------------------|------------------------|---|
| • 65 years and older & disabled | None                   | 33,3% of medical scheme contributions in excess of 3x medical scheme rebate and 33,3% of other expenses   |
| • All other under 65s           | 7,5% of taxable income | 25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses |

## Employees

| Inclusions in monthly "remuneration" | 2014/15 | 2015/16 |
|--------------------------------------|---------|---------|
| Travel allowance:                    |         |         |
| Standard inclusion rate              | 80%     | 80%     |
| If business travel > 80%             | 20%     | 20%     |
| Company car fringe benefit:          |         |         |
| Standard inclusion rate              | 80%     | 80%     |
| If business travel > 80%             | 20%     | 20%     |

### Travel allowances

\* Taxpayers are required to record business travel in log book

### 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 – 80,000                         | 26,105     | 78.7      | 29.3        |
| 80,001 – 160,000                   | 46,505     | 87.9      | 36.7        |
| 160,001 – 240,000                  | 66,976     | 95.5      | 40.4        |
| 240,001 – 320,000                  | 84,945     | 102.7     | 44.1        |
| 320,001 – 400,000                  | 102,974    | 109.9     | 51.8        |
| 400,001 – 480,000                  | 121,886    | 126.1     | 60.8        |
| 480,001 – 560,000                  | 140,797    | 130.4     | 75.6        |
| 560,000+                           | 140,797    | 130.4     | 75.6        |

| Alternative rate table                                 | 2014/15  | 2015/16  |
|--|----------|----------|
| Alternative deemed rate per km (subject to conditions) | 330 c/km | 318 c/km |

This alternative rate is not available if compensation of an allowance or reimbursement is received (other than parking or toll fees)

### Company cars (private use of employer-owned vehicle)

| Taxable benefit per month                   | Taxable % (of determined value) |
|---|---------------------------------|
| Standard rate                               | 3.5%                            |
| If the car is subject to a maintenance plan | 3.25%                           |

## Deemed subsistence allowances and advances

|                                    | 2014/15                                      | 2015/16                                      |
|------------------------------------|--|--|
| Meals and incidental costs (in SA) | R335 per day                                 | R353 per day                                 |
| Incidental costs only              | R103 per day                                 | R109 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

|                   | 2014/15 | 2015/16 |
|-------------------|---------|---------|
| Normal income tax | 28%     | 28%     |
| Dividends tax     | 15%     | 15%     |

### Small business corporation

| Taxable income      | Rate of tax                            |
|---------------------|--|
| 0 – R 73,650        | 0%                                     |
| R73,651 – R365,000  | 7% of each R above R73,650             |
| R365,001 – R550,000 | R20,395 + 21% of each R above R365,000 |
| R550,001 +          | R59,245 + 28% of each R above R550,000 |

### Micro business – Turnover tax

| Turnover          | Tax liability                      |
|-------------------|------------------------------------|
| R                 | R                                  |
| 0 – 335,000       | 0%                                 |
| 335,001 – 500,000 | 1% of each R above 335,000         |
| 500,001 – 750,000 | 1,650 + 2% of each R above 500,000 |
| 750,001 +         | 6,650 + 3% of each R above 750,000 |

## Capital gains tax

| Person          | Inclusion rate % |         | Max effective rate % |         |
|-----------------|------------------|---------|----------------------|---------|
|                 | 2014/15          | 2015/16 | 2014/15              | 2015/16 |
| Natural persons | 33.3             | 33.3    | 13.3                 | 13.65   |
| Special trusts  | 33.3             | 33.3    | 13.3                 | 13.65   |
| Other trusts    | 66.6             | 66.6    | 26.6                 | 27.31   |
| Companies       | 66.6             | 66.6    | 18.6                 | 18.6    |

| Exclusions   | 2014/15  | 2015/16  |
|--|----------|----------|
| Primary residence                                      | R2m      | R2m      |
| Annual exclusion                                       | R30,000  | R30,000  |
| Year of death  | R300,000 | R300,000 |
| Small business exclusion for individuals over 55 years | R1.8m    | R1.8m    |

## VAT

|                         | 2014/15 | 2015/16 |
|-------------------------|---------|---------|
| Rate                    | 14%     | 14%     |
| Registration threshold: |         |         |
| • Compulsory            | R1m     | R1m     |
| • Voluntary             | R50,000 | R50,000 |

## Payments to non-residents

| Type of payment  | Withholding tax                                   |
|--|---|
| Dividends  | 15%   |
| Interest   | 15%   |
| Royalties  | 15%   |
| Service fees   | –   |
| <b>Note:</b> Applicable at 15% on service fees paid on or after 1 January 2016 |   |
| Visiting entertainers & sports people  | 15%   |
| Sale of immovable property in SA by a non-resident                             | Trust: 10%<br>Company: 7.5%<br>Natural person: 5% |

## Donations tax and estate duty

|                          | 2014/15  | 2015/16  |
|--------------------------|----------|----------|
| Rate                     | 20%      | 20%      |
| Donations tax exemption: |          |          |
| Natural persons          | R100,000 | R100,000 |
| Other                    | R10,000  | R10,000  |
| Estate duty abatement    | R3.5m    | R3.5m    |

# Closing the gap Budget 2015/2016



## Percentage-based 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%                                   |
| Employees tax   | Late payment            | 10%                                   |
|                 | Late filing of EMP501   | 10%                                   |

## Fixed penalties (per month): Administrative non-compliance

| Taxable income for preceding year | Monthly penalty |
|-----------------------------------|-----------------|
| Assessed loss                     | R 250           |
| R 0 – R 250,000                   | R 250           |
| R 250,001 – R 500,000             | R 500           |
| R 500,001 – R 1,000,000           | R 1,000         |
| R 1,000,001 – R 5,000,000         | R 2,000         |
| R 5,000,001 – R10,000,000         | R 4,000         |
| R10,000,000 – R50,000,000         | R 8,000         |
| Above R50,000,000                 | R 16,000        |

Maximum successive penalties: 36 (SARS in possession of address) or 48 (SARS not in possession of address)

Administrative non-compliance is the failure to comply with an obligation imposed by or under a tax act and is listed in a public notice by the Commissioner. As at 25 February 2015, only the failure by a natural person to submit an income tax return (subject to further other conditions) was listed as a specified non-compliance.

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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.

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## Transfer duty

| Transferee                | 2015/16                                       |
|---------------------------|---|
| <b>Value of property</b>  |   |
| • R0 – R 750,000          | 0%  |
| • R750,001 – R1,250,000   | 3% on value above R750,000                    |
| • R1,250,001 – R1,750,000 | R15,000 plus 6% on value above R1,250,000     |
| • R1,750,001 – R2,250,000 | R45,000 plus 8% on the value above R1,750,000 |
| • R2,250,001 +            | R85,000 + 11% on the value above R2,250,000   |

## Other rates

|   | 2014/15  | 2015/16  |
|---|----------|----------|
| <b>Skills Development Levy:</b>                   |          |          |
| • Rate  | 1%       | 1%       |
| • Annual remuneration threshold                   | R500,000 | R500,000 |
| Unemployment Insurance Fund (employer & employee) | 1% + 1%  | 1% + 1%  |

## Interest rates

| With effect from | Table 1* | Table 2* | Table 3** |
|------------------|----------|----------|-----------|
|                  | %        | %        | %         |
| 01/03/09         | 15.0     | 11.0     | 11.5      |
| 01/05/09         | 13.5     | 9.5      | 11.5      |
| 01/06/09         | 13.5     | 9.5      | 9.5       |
| 01/07/09         | 12.5     | 8.5      | 8.5       |
| 01/08/09         | 11.5     | 7.5      | 8.5       |
| 01/09/09         | 10.5     | 6.5      | 8.0       |
| 01/07/10         | 9.5      | 5.5      | 8.0       |
| 01/10/10         | 9.5      | 5.5      | 7.0       |
| 01/03/11         | 8.5      | 4.5      | 6.5       |
| 01/08/12         | 8.5      | 4.5      | 6.0       |
| 01/05/14         | 9.0      | 5.0      | 6.5       |
| 01/11/14         | 9.25     | 5.25     | 6.75      |

**T1** – SARS pays interest to taxpayer in all instances other than T2 (including VAT refunds) AND Taxpayer pays interest to SARS on late/under-paid taxes (including income tax and VAT)

**T2** – SARS pays interest to taxpayer on provisional tax overpayment

**T3** – Official rate of interest for tax purposes on fringe benefits

\* **Note:** Rates are subject to change in terms of the Public Finance Management Act No.1 of 1999

\*\* **Note:** Rates are subject to change when the SA Reserve Bank adjusts its inter-bank (REPO) rate

## Contacts

### Africa Tax Leader

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

### National Tax Technical Leader

Kyle Mandy  
kyle.mandy@za.pwc.com

## Understatement penalty

| Behaviour                                      | Standard case | Obstructive or repeat case | Voluntary disclosure after notification of audit or investigation | Voluntary disclosure before notification of audit or investigation |
|--|---------------|----------------------------|---|--|
| Substantial understatement                     | 10%           | 20%                        | 5%  | 0%   |
| Reasonable care not taken in completing return | 25%           | 50%                        | 15%   | 0%   |
| No reasonable ground for "tax position"        | 50%           | 75%                        | 25%   | 0%   |
| Gross negligence                               | 100%          | 125%                       | 50%   | 5%   |
| Intentional tax evasion                        | 150%          | 200%                       | 75%   | 10%  |

Understatement means any prejudice to SARS or the fiscus as a result of:

- A default in rendering a return
- An omission from rendering a return
- An incorrect statement in a return
- Failure to pay correct amount of tax

The burden of proving the facts on which SARS based the imposition of the understatement penalty, is upon SARS.

## Tax calendar

|   |   |
|---|---|
| Withholding taxes (dividends, royalties and interest) | Last day of month following the month in which amount is paid |
| <b>Provisional tax February year-end</b>              |   |
| 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)                              |
| <b>Other than Feb</b>                                 |   |
| 1st payment   | 6 months prior to year-end                                    |
| 2nd payment   | At year-end   |
| <b>Other taxes and levies</b>                         |   |
| 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                               |