

DRYK Finansiële Dienste BK

Boekhouders ▪ Belasting Konsultante

Tel (021) 987 1034 ▪ Faks (021) 987 1035

Posbus 368 ▪ Cape Gate ▪ 7562

www.dryk.co.za

NEWSLETTER

Dear client

This newsletter will mainly focus on the budget speech.

1. TAX TABLES FOR INDIVIDUALS

Taxable income	Tax rate
Not exceeding R 140,000	18 %
R 140,001 – R 221,000	R 25,200 + 25% of > R 140,000
R 221,001 – R 305,000	R 45,450 + 30% of > R 221,000
R 305,001 – R 431,000	R 70,650 + 35% of > R 305,000
R 431,001 – R 552,000	R 114,750 + 38% of > R 431,000
Exceeds R 552,000	R 160,730 + 40% of > R 552,000

Tax rebates:

Primary rebate (Under the age of 65)	R 10,260
Secondary rebate (The age of 65 >)	R 5,675

2. RETIREMENT FUND LUMP SUM BENEFITS

Taxable income	Tax rate
Not exceeding R 300,000	R 0
R 300,001 – R 600,000	18% of > R 300,000
R 600,001 – R 900,000	R 103,950 + 27% of > R 600,000
Exceeding R 900,000	R 184,950 + 36% of > R 900,000

3. LUMP SUM WITHDRAWAL BENEFITS

Taxable income	Tax rate
Not exceeding R 22,500	R 0
R 22,501 – R 600,000	18% of > R 22,500
R 600,001 – R 900,000	R 103,950 + 27% of > R 600,000
Exceeding R 900,000	R 184,950 + 36% of > R 900,000

4. SMALL BUSINESS CORPORATIONS

Taxable income	Tax rate
Not exceeding R 57,000	R 0
R 57,001 – R 300,000	10% of > R 57,000
Exceeding R 300,000	R 24,300 + 28% of > R 300,000

5. INTEREST & DIVIDENDS

Interest exemption < 65	R 22,300
Interest exemption > 65	R 32,000
Foreign interest & dividends	R 3,700

6. CAPITAL GAINS TAX EXEMPTIONS

Annual exclusion – Individuals	R 17,500
Exclusion on death	R 120,000
Primary residence (capital gain)	R 1,500,000
Primary residence (gross proceeds)	R 2,000,000

7. MEDICAL SCHEME CONTRIBUTIONS

Annual cap for first two (2) members	R 670 pp
Annual cap – additional beneficiaries	R 410 pp

8. PRESUMPTIVE TURNOVER TAX – Effective 1 March 2009

Maximum turnover	R 1,000,000
Disposal of immovable property & capital assets	R 1,500,000

PRESUMPTIVE TURNOVER TAX – Tax tables

Taxable income	Rax rate
Not exceeding R 100,000	R 0
R 100,001 – R 300,000	R 1% of > R 100,000
R 300,001 – R 500,000	R 2,000 + 3% of > R 300,000
R 500,001 – R 750,000	R 8,000 + 5% of > R 500,000
R 750,001 – R 1,000,000	R 20,500 + 7% of > R 750,000

More detail on turnover tax:

A simplified, turnover – based system for businesses with turnover up to R 1 million per year.

This system apply to businesses carried on by companies, closed corporations & individuals, but will exclude businesses providing personal & professional services.

Personal services include any services in the field of:

Accounting, broking, consulting, engineering, entertainment, IT, Law, Management, Real estate, etc

9. VAT REGISTRATION THRESHOLDS.

Compulsary:

A person or company is liable to register as a vendor if the value of taxable supplies exceeds or is expected to exceed **R 1 million**.

The threshold was increased from R 300,000 to R 1 mil on 1 March 2009.

NB: If a person omits to register on time, turnover will be deemed to include VAT.

Voluntary:

A person may register for VAT if the taxable supplies exceed R 50,000 over a 12 month period.

10. TRAVEL ALLOWANCE (very important)

Deemed business kilometer procedure has been scrapped from 2010/11.

NB: A logbook is therefore of utmost importance. Without one, a taxpayer will not be able to claim any travel expenses.

80% of the travel allowance must be included in the employee's remuneration for the purposes of calculating PAYE.

11. VOLUNTARY DISCLOSURE PROGRAMME

In order for taxpayers to disclose their defaults (non-compliance) and regularise their tax affairs a voluntary disclosure programme will be implemented.

- The programme is to be effective during a window period from 1 November 2010 until 31 October 2011
- * The full amount of tax remains due
- * Relief with regard to interest and penalties will apply
- * Relief is to be granted if–
- * the disclosure is complete
- * SARS was not aware of the default
- * a penalty or additional tax would have been imposed had SARS discovered the default in the normal course of business

Please contact the writer may you have any queries regarding the above.

Thank you for your ongoing support in this economic crisis.

J N Basson
23 March 2010