

BUDGET REVIEW'2007/08

Introduction

Herewith the budget review for 2007/08.

This document shall replace earlier notices to clients with regard to budget announcements and tax updates.

Due to time constraints, this document is distributed to clients in its conceptual form. The document will be finalised during the coming year's budget review.

Please forward any suggestions in this regard to Johan de Kock at johandekock@sunjomar.co.za.

Budget Speech and Important Announcements

To be completed.

Current Rates

	Date	2007/08	2006/07
Income Tax (IT)			
• Individuals			
• Rates			
	1/3/07	R0 - R112500: R0 + 18%	R0 - R100000: R0 + 18%
	1/3/07	R112500-R180000: R20250+25%	R100000-R160000: R18000+25%
	1/3/07	R180000-R250000: R37125+30%	R160000-R220000: R33000+30%
	1/3/07	R250000-R350000: R58125+35%	R220000-R300000: R51000+35%
	1/3/07	R350000-R450000: R93125+38%	R300000-R400000: R79000+38%
	1/3/07	Over R450000: R131125+40%	Over R400000: R117000+40%
• Rebates			
• Primary	1/3/07	R7740	R7200
• Secondary (Over 65 years)	1/3/07	R4680	R4500
• Tax Thresholds			
• Persons below age 65 years	1/3/07	R43000	R40000
• Persons 65 years and older	1/3/07	R69000	R65000
• Interest only (<age 65 years)	1/3/07	R61000	R56500
• Interest only (>age 65 years)	1/3/07	R95000	R89500
• Tax Rate Break-throughs			
• 29% (Company Tax)	-	R514682	R456364
• 37,875% (Co Tax + STC)	-	R2664235	R2362353
• 36,1% (Co + Dividend Tax)	1/10/07	R1451667	Option not available.

• Companies			
• Normal			
• Rates	-	29%	29%
• Rebates	-	R0	R0
• Small Business Corporations			
• Rates			
	1/3/07	R43000-R300000: R0+10%	R40000-R300000: R0+10%
	1/3/07	Over R300000: R25700+29%	Over R300000: R26000+29%
• Rebates	1/3/07	R43000	R40000
• Classification			
• Turnover	-	R14m	R14m
• Employees	1/3/07	3	4
• Employment Companies			
• Rates	-	34%	34%
• Rebates	-	R0	R0
• Non-resident Companies			
• Rates	-	34%	34%
• Rebates	-	R0	R0
• Trusts			
• Special Trusts			
• Rates	1/3/07	Same as tax rates for individuals.	Same as tax rates for individuals.
• Rebates	-	R0	R0
• Other Trusts			
• Rates	-	40%	40%
• Rebates	-	R0	R0
• Exemptions			
• Domestic Interest			
• Individuals	1/3/07	R18000	R16500
• Individuals (Over 65 years)	1/3/07	R26000	R24500
• Domestic Dividends			
• Individuals	-	100%	100%
• Foreign Interest & Dividends			
• Individuals	1/3/07	R3000	R2500
• Deductions			
• Pension Fund Cont (PF)			
• Employees	-	To be completed.	To be completed.
• Employers	-	To be completed.	To be completed.
• Retirement Fund Cont (RAF)			
• Employees	-	To be completed.	To be completed.
• Employers	-	To be completed.	To be completed.
• Sec18A-donations to PBO's	1/3/07	10%	5%

• Medical Expenses			
• Persons below age 65			
• Medical Scheme Cont			
• One Beneficiary	1/3/07	R530	R500
• Two Beneficiaries	1/3/07	R1060	R1000
• Additional Beneficiaries	1/3/07	R320	R300
• Actual Medical Expenses	-	7,5%	7,5%
• Persons 65 years and older			
• Medical Scheme Cont	-	100%	100%
• Actual Medical Expenses	-	100%	100%
• Handicapped Persons			
• Medical Scheme Cont	-	100%	100%
• Actual Medical Expenses	-	100%	100%
• Learnerships			
• Normal Employees			
• Existing Employee Enter	-	R20000	R20000
• New Employee Enter	1/3/07	R30000	R20000
• Completion	-	R30000	R30000
• Disabled Employees			
• Existing Employee Enter	-	R40000	R40000
• New Employee Enter	1/3/07	R50000	R50000
• Completion	-	R50000	R50000
• Capital Allowances			
• Farming	-	To be completed.	To be completed.
• Manufacturing	-	To be completed.	To be completed.
• Fringe Benefits	-	To be completed.	To be completed.
• Lump-sum Payments	-	To be completed.	To be completed.
• Public Benefit Organisations	-	To be completed.	To be completed.
• Private-use: Farmers (Products)	-	R6000+VAT	R6000+VAT
• Provisional Tax Payments			
• Investment Inc Exemption			
• Individuals	-	R10000	R10000
• Individuals (Over 65 years)	-	R80000	R80000
• Minimum Payments/Receipts	-	R25	R25
• Employees Tax Payments			
• SITE Threshold	-	R60000	R60000
Capital Gains Tax (CGT)			
• CGT Inclusion Rate			
• Individuals & Special Trusts	-	25%	25%
• Legal Entities	-	50%	50%
• CGT Exemption			
• Individuals & Special Trusts	1/3/07	R15000	R12500
• Individuals (Date of Death)	1/3/07	R120000	R60000
• Legal Entities	-	R0	R0
• Primary Residence Exclusion			
• Individuals	-	R1,5m	R1,5m
• Legal Entities	-	R0	R0

Dividend Tax (STC)			
• Dividend Tax Rate	1/10/07	10%	12,5%
Value Added Tax (VAT)			
• VAT Standard Rate	-	14%	14%
• VAT Registration Thresholds			
• Compulsary Registration	-	R300000	R300000
• Compulsary De-registration			
• Commercial Rental	-	R60000	R60000
• Other Taxable Supplies	-	R20000	R20000
• Large Enterprises			
• Monthly Submission (C)	-	R30m	R30m
• Small Enterprises			
• Payments Base Submission	-	R2,5m	R2,5m
• Four-monthly Submission (F)	1/7/06	R1,2m	Category not available.
• Small Transactions			
• VAT Reg Nr of Recipient	1/3/06	R3000	R3000
• No Tax Invoice	-	R50	R50
Fuel Levies			
• Fuel Levies	-	To be completed.	To be completed.
• Diesel Rebates			
• Farmers	1/1/06	76,5c/l	73,5c/l
Estate Duty			
• Estate Duty Rate	-	20%	20%
• Estate Duty Exemption	1/3/07	R3,5m	R2,5m
Donations Tax			
• Donations Tax Rate	-	20%	20%
• Donations Tax Exemption			
• Individuals	1/3/07	R100000	R50000
• Legal Entities	-	R10000	R10000
Transfer Duty			
• Transfer Duty Rates			
• Individuals			
	-	R0-R500000: R0+0%	R0-R500000: R0+0%
	-	R500001-R1000000: R0+5%	R500001-R1000000: R0+5%
	-	Over R1m: R25000+8%	Over R1m: R25000+8%
• Legal Entities	-	8%	8%
Workmen's Comp Fund Cont			
• WC Fund Rates	-	Refer to detailed schedule.	Refer to detailed schedule.
Unemployment Ins Fund Cont			
• UIF Rates			
• Employers	-	1%	1%
• Employees	-	1%	1%
• UIF Ceiling	1/7/06	R139944	R131592
Skills Development Levies			
• SDL Rate (Employers)	-	1%	1%
• SDL Exemption (Payroll)	-	R500000	R500000
Regional Council Serv Levies			
• RCS Rates	30/6/06	Abolished	Abolished

Securities Tax			
• Listed/Unlisted Shares			
• Issue	1/1/06	Abolished	0,5%
• Change in Ownership (CM42)	-	0,25%	0,25%
• Cancellation	-	0,25%	0,25%
Stamp Duty			
• Lease Agreements			
• Fixed Property (>5 years)	-	0,5% (>R500)	0,5% (>R500)
• Fixed Property (<5 years)	1/3/07	Abolished	0,5%
Tax on Retirement Funds			
• Tax on Retirement Funds Rate	1/3/07	Abolished	9%
Tax on International Air Travel			
• SACU Countries	-	R60	R60
• Other Countries	-	R120	R120
Exchange Control			
• Individuals			
• General Offshore Allowance	-	R2m	R2m
• Foreign Capital Allowance	-	R2m	R2m
• Travel Allowance (Adults)	-	R160000	R160000
• Travel Allowance (<12 years)	-	R50000	R50000
• Study Allowance (Student)	-	R160000	R160000
• Study Allowance (S +Spouse)	-	R320000	R320000
• Travel Allowance (Student)	-	R50000	R50000
• Travel Allowance (S+Spouse)	-	R100000	R100000
• Maintenance & Alimony	-	R9000	R9000
• Gifts	-	R30000	R30000
• Wedding & Celebrations	-	R50000	R50000
• Emigrating Families			
• Foreign Capital Allowance	-	R4m	R4m
• Companies			
• Shares in Foreign Entity	1/3/07	25%	>50%
• Individuals & Companies			
• Small Transactions	-	R20000	R20000
Interest			
• Sec89(quat) Interest (SARS)			
• Individuals	-	R50000	R50000
• Legal Entities	-	R20000	R20000
• Interest Rates			
• Official Rate (SARS)	1/3/07	10%	9%
• Interest Received from SARS	1/3/07	8%	7%
• Interest Paid to SARS	1/3/07	12%	11%
• Prime Rate (SARB)	8/12/06	12,5%	12,0%

Calendar Dates			
• Financial Year-end			
• Individuals	-	28/29 February	28/29 February
• Legal Entities	-	Any month-end.	Any month-end.
• First Provisional Tax			
• Individuals	-	31 August	31 August
• Legal Entities	-	Six months before year-end.	Six months before year-end.
• Second Provisional Tax			
• Individuals	-	28/29 February	28/29 February
• Legal Entities	-	On year-end.	On year-end.
• Third Additional Tax			
• Individuals (>R50000)	-	30 September	30 September
• Legal Entities (R20000)	-	Six months after year-end.	Six months after year-end.
• VAT Returns			
• Manual Submission	-	25th	25th
• SARS eFiling	-	Month-end.	Month-end.
• EMP Returns	-	7th	7th
• UIF Returns	-	7th	7th
• WC Fund Returns	-	31 March	31 March
• SITE & PAYE Reconciliation	-	30 April	30 April
• IT Returns			
• Individuals & Trusts (IT12)	-	14 July	14 July
• Legal Entities (IT14)	-	31 October	31 October
• Extension for IT Returns			
• Individuals (IT12S)	-	31 October	31 October
• Individuals & Trusts (IT12)	-	31 December	31 December
• Legal Entities (IT14)	-	28/29 February	28/29 February
• STC Returns	-	Month-end (following month).	Month-end (following month).
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Specific Topics

To be completed.

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