

## BUDGET REVIEW'2010/11 (RSA)

### Introduction

Herewith the budget review for South-Africa for 2010/11.

The budget reviews of earlier years are available on our website.

### Budget Speech and Important Announcements

On Wednesday, 17 February 2010, the Minister of Finance, mr Pravin Gordhan, delivered his first Annual Budget Speech. Amidst the current world economic crisis, the minister did not introduced any significant changes, but put emphasized on social economic topics, such as unacceptable levels of poverty, unemployment and skills shortages. Generally speaking, there were no major changes introduced.

### Current Rates, Amounts, Tables, Formulas and Calendar Dates

The following rates, amounts, tables, formulas and calendar dates apply:

	<u>Date</u>	<u>2010/11</u>	<u>2009/10</u>
<b>Income Tax (IT)</b>			
• Individuals			
• Rates			
	1/3/10	R0 - R140000: R0 + 18%	R0 - R132000: R0 + 18%
	1/3/10	R140000-R221000: R25200+25%	R132000-R210000: R23760+25%
	1/3/10	R221000-R305000: R45450+30%	R210000-R290000: R43260+30%
	1/3/10	R305000-R431000: R70650+35%	R290000-R410000: R67260+35%
	1/3/10	R431000-R552000: R114750+38%	R410000-R525000: R109260+38%
	1/3/10	Over R552000: R160730+40%	Over R525000: R152960+40%
• Rebates			
• Primary	1/3/10	R10260 p a	R9756 p a
• Secondary (Over 65 years)	1/3/10	R5675 p a (Total = R15935 p a)	R5400 p a (Total = R15156 p a)
• Tax Thresholds			
• Persons below age 65 years	1/3/10	R57000 p a	R54200 p a
• Persons 65 years and older	1/3/10	R88528 p a	R84200 p a
• Interest only (<age 65 years)	1/3/10	R79300 p a	R75200 p a
• Interest only (>age 65 years)	1/3/10	R120528 p a	R114200 p a
• Tax Rate Breakpoints			
• 28% (Company Tax)	1/3/10	R586083	R556634
• 34.55% (Co+Dividend Tax)	1/3/10	R1290458	R1225615

• Companies			
• Normal			
• Rates	-	28%	28%
• Rebates	-	R0 p a	R0 p a
• Small Business Corporations			
• Rates			
	1/4/10	R57000-R300000: R0+10%	R54200-R300000: R0+10%
	1/4/10	Over R300000: R24300+28%	Over R300000: R24580+28%
• Rebates	1/4/10	R57000 p a	R54200 p a
• Classification			
• Turnover	-	R14,0m p a	R14,0m p a
• Employment Companies			
• Rates	-	33%	33%
• Rebates	-	R0 p a	R0 p a
• Foreign Companies			
• Rates	-	33%	33%
• Rebates	-	R0 p a	R0 p a
• Passive Closely Held Co			
• Rates	1/4/10	40%	Not yet introduced.
• Rebates	1/4/10	R0 p a	Not yet introduced.
• Trusts & Estates			
• Special Trusts			
• Rates	1/3/10	Same as tax rates for individuals.	Same as tax rates for individuals.
• Rebates	-	R0 p a	R0 p a
• Other Trusts			
• Rates	-	40%	40%
• Rebates	-	R0 p a	R0 p a
• Estates			
• Rates	-	Same as tax rates for individuals.	Same as tax rates for individuals.
• Rebates	-	R0 p a	R0 p a
• PBO's & Recreational Clubs			
• Rates	-	28%	28%
• Rebates	-	R0 p a	R0 p a
• Exemptions			
• > of			
• Taxable: Gross Income	-	5%	5%
• Basic			
• PBO	-	R150000 p a	R150000 p a
• Recreational Club	-	R100000 p a	R100000 p a
• Exemptions			
• Domestic Interest			
• Individuals (Below age 65)	1/3/10	R22300 p a	R21000 p a
• Individuals (Over 65 years)	1/3/10	R32000 p a	R30000 p a
• Domestic Dividends			
• Individuals	-	100%	100%
• Foreign Interest & Dividends			
• Individuals	1/3/10	R3700 p a	R3500 p a

• Deductions			
• Pension Fund Cont (PF)			
• Employees			
• Current (No excess fwd)			
• > of			
• RF Employment	-	7,5%	7,5%
• Basic	-	R1750 p a	R1750 p a
• Arrear (Excess fwd)			
• Basic	-	R1800 p a	R1800 p a
• Employers (PF & RAF)	-	10%	10%
• Retirement Fund Cont (RAF)			
• Employees			
• Current (Excess fwd)			
• > of			
• Non-RF Employment	-	15%	15%
• After PF Contributions	-	R3500 p a	R3500 p a
• Basic	-	R1750 p a	R1750 p a
• Arrear (Excess fwd)			
• Basic	-	R1800 p a	R1800 p a
• Employers (PF & RAF)	-	10%	10%
• Sec18A-donations to PBO's			
• Through IT-system	-	10%	10%
• Through Payroll-system	-	5%	5%
• Medical Expenses			
• Persons below age 65			
• Medical Scheme Cont			
• One Beneficiary	1/3/10	R670 p m	R625 p m
• Two Beneficiaries	1/3/10	R1340 p m	R1250 p m
• Additional Beneficiaries	1/3/10	R410 p m per person	R380 p m per person
• Actual Medical Expenses	-	7,5%	7,5%
• Persons 65 years and older			
• Medical Scheme Cont	-	100%	100%
• Actual Medical Expenses	-	100%	100%
• Disabled Persons			
• Medical Scheme Cont	-	100%	100%
• Actual Medical Expenses	-	100%	100%
• Learnerships			
• Normal Employees			
• New Employee Enter	-	R30000 per contract	R30000 per contract
• Completion	-	R30000 per contract	R30000 per contract
• Disabled Employees			
• New Employee Enter	-	R50000 per contract	R50000 per contract
• Completion	-	R50000 per contract	R50000 per contract

• Capital Allowances			
• Buildings			
• Urban Development Zone			
• Low-cost Residential			
• Construction	-	25:13%x5:10	25:13%x5:10
• Refurbishments	-	25% p a	25% p a
• Other (All Types)			
• Construction	-	20% 1st year, 8% p a	20% 1st year, 8% p a
• Refurbishments	-	20% p a	20% p a
• Residential (>4 units)			
• Low-cost Residential	-	10% p a	10% p a
• Other (Residential)	-	5% p a	5% p a
• Hotel			
• Construction	-	5% p a	5% p a
• Refurbishments	-	20% p a	20% p a
• Industrial (Manufacturing)	-	5% p a	5% p a
• Commercial	-	5% p a	5% p a
• Equipment (Plant&Machine)			
• Farming	-	50:30:20	50:30:20
• Hotel	-	20% p a	20% p a
• Aircraft & Ships	-	20% p a	20% p a
• Manufacturing			
• Plants	-	40% 1st year, 20% p a	40% 1st year, 20% p a
• Small Business Corp	-	100% p a	100% p a
• Other Manufacturing	-	20% p a	20% p a
• Small Business Corp			
• Manufacturing	-	100% p a	100% p a
• Assets (<R7000)	1/3/09	100% p a	100% p a
• Other	-	50:30:20	50:30:20

• Fringe Benefits			
• Use of Company Car	-	2,5%	2,5%
• Medical Aid Contributions			
• Persons below age 65			
• Medical Scheme Cont (>)			
• One Beneficiary	1/3/10	R670 p m	R625 p m
• Two Beneficiaries	1/3/10	R1340 p m	R1250 p m
• Additional Beneficiaries	1/3/10	R410 p m per person	R380 p m per person
• Long Service & Bravery			
• Value of award (>)	-	R5000 p a	R5000 p a
• Low Interest / Interest Free			
• Loan Amount (>)	-	R3000 p a	R3000 p a
• Bursaries & Scholarships			
• Remuneration (<)	-	R100000 p a	R100000 p a
• Bursary Amount (>)	-	R10000 p a	R10000 p a
• Payroll Allowance			
• Daily Allowance			
• RSA			
• Incidental Costs	1/3/10	R85 p d	R80 p d
• Meals & Incidental Costs	1/3/10	R276 p d	R260 p d
• International	1/3/10	Refer to detailed schedule.	Refer to detailed schedule.
• Traveling			
• Deemed Private Use	1/3/10	Abolished	18000km p a
• Deemed Max Business Use	1/3/10	Abolished	14000km p a
• Tax-free Reimbursement			
• Maximum Rate (<)	-	292c per km	292c per km
• Maximum Km's (<)	-	8000km p a	8000km p a
• Lump-sum Payments			
• Retirement (from Fund)			
• Rates			
	1/3/10	R0 - R300000: R0+0%	R0 - R300000: R0+18%
	1/3/10	R300000-R600000: R0+18%	R300000-R600000: R54000+27%
	1/3/10	R600000-R900000: R54000+27%	Over R600000: R135000+36%
	1/3/10	Over R900000: R135000+36%	Not yet introduced.
• Rebates	1/3/10	R300000 per lifetime	R0 per lifetime
• Resignation (from Fund)			
• Rates	1/3/10	R0 - R22500: R0+0%	R22500 per lifetime
	1/3/10	R22500-R600000: R0+18%	Not yet introduced.
	1/3/10	R600000-R900000: R103950+27%	Not yet introduced.
	1/3/10	Over R900000: R184950+36%	Not yet introduced.
• Rebates	-	R22500 per lifetime	R22500 per lifetime
• Retrenchment			
• Exemption	-	R30000 per lifetime	R30000 per lifetime

• Private-use: Farmers (Products)			
• Farming Unit	-	R3000+VAT p a per farming unit	R3000+VAT p a per farming unit
• Household	-	R2000+VAT p a per household	R2000+VAT p a per household
• Provisional Tax Payments			
• Registration Thresholds			
• Individuals (Over 65 years)	-	R120000 p a	R120000 p a
• Investment Inc Exemption			
• Individuals	-	R20000 p a	R20000 p a
• SARS-estimate-calculation (<)	1/3/10	R1,0m p a	Not yet introduced.
• Minimum Payments/Receipts	-	R100	R100
• Employees Tax Payments			
• SITE Threshold	1/3/10	Abolished	R60000 p a
• Traveling Allowance	1/3/10	80%	60%
• Withholding Tax			
• CGT on Non-residents			
• Individuals	-	5,0%	Coming soon.
• Companies	-	7,5%	Coming soon.
• Trusts	-	10%	Coming soon.
• IT on Non-residents			
• Foreign Entertainers	-	15%	Coming soon.
• Foreign Sportspersons	-	15%	Coming soon.
<b>Turnover Tax</b>			
• Micro Businesses			
• Rates			
	-	R100000 - R300000: R0+1%	R100000 - R300000: R0+1%
	-	R300000 - R500000: R2000+3%	R300000 - R500000: R2000+3%
	-	R500000 - R750000: R8000+5%	R500000 - R750000: R8000+5%
	-	R750000-R1,0m: R20500+7%	R750000-R1,0m: R20500+7%
• Rebates	-	R1000 p a	R1000 p a
• Registration Requirements			
• Threshold	-	R1,0m p a	R1,0m p a
• Emigration From and To	-	3 years	3 years
<b>Capital Gains Tax (CGT)</b>			
• CGT Inclusion Rate			
• Individuals & Special Trusts	-	25%	25%
• Legal Entities	-	50%	50%
• CGT Exemption			
• Individuals & Special Trusts	-	R17500 p a	R17500 p a
• Individuals (Date of Death)	-	R120000 per lifetime	R120000 per lifetime
• Legal Entities (Non-SBC)	-	R0 p a	R0 p a
• Primary Residence Exclusion			
• Individuals (or)			
• Capital Gain	-	R1,5m per sale	R1,5m per sale
• Disposal Amount	-	R2,0m per sale	R2,0m per sale
• Legal Entities	-	R0 per sale	R0 per sale
<b>Dividend Tax (STC)</b>			
• STC Rate	-	10%	10%
• Dividend Tax Rate	-	Not yet introduced.	Not yet introduced.

<b>Value Added Tax (VAT)</b>			
• VAT Standard Rate	-	14%	14%
<b>VAT Registration Thresholds</b>			
• Compulsory Registration (>)	-	R1,0m p a	R1,0m p a
<b>Compulsory De-registration</b>			
• Commercial Rental (<)	-	R60000 p a	R60000 p a
• Other Taxable Supplies (<)	1/3/10	R50000 p a	R20000 p a
<b>Large Enterprises</b>			
• Monthly Submission (C) (>)	-	R30,0m p a	R30,0m p a
<b>Small Enterprises</b>			
• Payments Base Submission	-	R2,5m p a	R2,5m p a
• Four-monthly Submission (F)	-	R1,5m p a	R1,5m p a
• Six-monthly Submission (D)	-	R1,5m p a	R1,5m p a
<b>Small Transactions</b>			
• VAT Reg Nr of Recipient (>)	-	R3000 per invoice	R3000 per invoice
• No Tax Invoice (<)	-	R50 per invoice	R50 per invoice
<b>Fuel Levies</b>			
<b>Fuel Levies</b>			
• Petrol	7/4/10	172,0c per liter	150,0c per liter
• Diesel	7/4/10	157,0c per liter	135,0c per liter
<b>Road Accident Fund Levies</b>			
• Petrol	7/4/10	72,0c per liter	64,0c per liter
• Diesel	7/4/10	72,0c per liter	64,0c per liter
<b>Diesel Rebates</b>			
• Farmers	1/3/10	118,0c per liter	90,9c per liter
<b>Environmental Levies</b>			
• Electrical Levies	1/7/09	2c per kWh	Not yet introduced.
• Plastic Bag Levies	-	4c per bag	4c per bag
• Carbon Emissions Tax	1/9/10	R75 per g/km above 120g/km	Not yet introduced.
<b>Alcohol &amp; Tobacco Levies</b>			
• Malt Beer	1/3/10	85c per 340ml can	79c per 340ml can
• Unfortified Wine	1/3/10	R2,14 per liter	R1,98 per liter
• Fortified Wine	1/3/10	R4,03 per liter	R3,72 per liter
• Spirits	1/3/10	R27,27 per 750ml	R25,05 per 750ml
• Cigarettes	1/3/10	R8,94 per packet 20's	R7,70 per packet 20's
<b>Estate Duty</b>			
• Estate Duty Rate	-	20%	20%
• Estate Duty Exemption	-	R3,5m per lifetime	R3,5m per lifetime
<b>Donations Tax</b>			
• Donations Tax Rate	-	20%	20%
<b>Donations Tax Exemption</b>			
• Individuals	-	R100000 p a	R100000 p a
• Legal Entities	-	R10000 p a	R10000 p a

Transfer Duty			
• Transfer Duty Rates			
• Individuals			
	-	R0-R500000: R0+0%	R0-R500000: R0+0%
	-	R500001-R1000000: R0+5%	R500001-R1000000: R0+5%
	-	Over R1,0m: R25000+8%	Over R1,0m: R25000+8%
• Legal Entities	-	8%	8%
Workmen's Comp Fund Cont			
• WC Fund Rates	-	Refer to detailed schedule.	Refer to detailed schedule.
• WC Fund Ceiling	1/3/10	R261893 p a	R239172 p a
Unemployment Ins Fund Cont			
• UIF Rates			
• Employers	-	1%	1%
• Employees	-	1%	1%
• UIF Ceiling	-	R149736 p a	R149736 p a
Skills Development Levies			
• SDL Rate (Employers)	-	1%	1%
• SDL Exemption (Payroll)	-	R500000 p a	R500000 p a
Securities Tax			
• Listed/Unlisted Shares			
• Change in Ownership	-	0,25%	0,25%
• Cancellation	-	0,25%	0,25%
• Exemption			
• Securities Tax Payment (<)	-	R100	R100
Stamp Duty			
• Secretarial Forms			
• Name Reservation (Co & CC)	-	R50	R50
• Incorporation (CC)	-	R100	R100
• Amendment (CC)	-	R30	R30
• Annual Returns (Co & CC)			
• Turnover (<R50,0m)	-	R100	R100
• Turnover (>R50,0m)	-	R4000	R4000



<b>Tax on International Air Travel</b>			
• SACU Countries (Departing)	-	R80 per person per flight	R80 per person per flight
• Other Countries (Departing)	-	R150 per person per flight	R150 per person per flight
<b>Exchange Control</b>			
• Individuals			
• Offshore Invest Allowance	27/10/09	R4,0m	R2,0m
• General Offshore Allowance	27/10/09	R750000 p a	R500000 p a
• Emigrating Allowance			
• Single Person	27/10/09	R4,0m	R2,0m
• Family Unit	27/10/09	R8,0m	R4,0m
• Companies			
• Shares in Foreign Entity	-	25%	25%
• Individuals & Companies			
• Small Transactions	-	R20000 per transaction	R20000 per transaction
<b>Interest</b>			
• Sec89(quat) Interest (SARS)			
• Individuals (>)	-	R50000 p a	R50000 p a
• Legal Entities (>)	-	R20000 p a	R20000 p a
• Interest Rates			
• Official Rate (SARS)	1/9/09	8.0% p a	13% p a
• Interest Received from SARS	1/9/09	6.5% p a	11% p a
• Interest Paid to SARS	1/9/09	10.5% p a	15% p a
• Prime Rate (SARB)	14/8/09	10.5% p a	11% p a

Calendar Dates (RSA)			
• 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			
• February year-end	-	30 September	30 September
• Other year-ends	-	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	-	1 April to 31 May	1 April to 31 May
• IT Returns (Electronic)			
• Non-provisional Taxpayers			
• Individuals (IT12)	-	1 July to 26 November	1 July to 20 November
• Trusts (IT12TR)	-	1 July to 26 November	1 July to 20 November
• Provisional Taxpayers			
• Individuals (IT12)	-	1 July to 31 January	1 July to 20 November
• Trusts (IT12TR)	-	1 July to 31 January	1 July to 20 November
• Legal Entities (IT14)	-	Twelve months after year-end.	Twelve months after year-end.
• STC Returns	-	Month-end (following month).	Month-end (following month).
• CIPRO Annual Returns	-	Month-end (following month).	Month-end (following month).
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## \*Notes

To be completed.

## Current Topics

To be completed.

## Coming Soon

- Travel Allowance deductible from 1 March 2010, only if supported by a detailed log book.
- Carbon emissions tax to be introduced from 1 September 2010.
- Tax amnesty to be granted from 1 November 2010.
- SITE-system to be abolished from 1 March 2011.
- Cash reimbursements to employers for hiring (and training) young people.
- STC to be replaced by Dividend Tax at a rate of 10%.

## Exclusive Topic

To be completed.

### Semi-automated Internal Processes of Sun Jomar Rekenmeesters

The following services will automatically be rendered by Sun Jomar Rekenmeesters, in cases where you contracted us to do so:

	<u>Clients</u>	<u>Dates</u>
<b>Taxation Department</b>		
• Income Tax (IT)		
• Income Tax (General)		
• Submit Return (IT12/IT14)	All Taxpayers	After Completion of Financials
• Check Assessment (IT34)	All Taxpayers	On Receipt of Assessment
• Conclude Objections	When Disagree with Assessment	After Receipt of Assessment
• Conclude Enquiries & Questionnaires	When Requested by SARS	After Receipt of Enquiry
• Conclude Administrative Matters	All Taxpayers	When Need Arises
• Tax Planning & Other Consultation	When Need Arises	After Completion of Financials
• Provisional Tax		
• Submit First Provisional Tax (IRP6(1))	All Provisional Taxpayers	Refer to above Calendar Dates
• Submit Second Provisional Tax (IRP6(2))	All Provisional Taxpayers	Refer to above Calendar Dates
• Submit Third Provisional Tax (IRP6(3))	Certain Provisional Taxpayers	Refer to above Calendar Dates
• Employees Tax		
• Submit Return (EMP201)	Certain Employers	Refer to above Calendar Dates
• Conclude Objections	When Disagree with Assessment	After Receipt of Assessment
• Conclude Enquiries & Questionnaires	When Requested by SARS	After Receipt of Enquiry
• Submit Reconciliation (EMP501)	Certain Employers	Refer to above Calendar Dates
• Prepare IRP5- & IT3(a)-certificates	Certain Employers	Refer to above Calendar Dates
• Value Added Tax (VAT)		
• Submit Return (VAT201)	All VAT Vendors	Refer to above Calendar Dates
• Conclude Objections	When Disagree with Assessment	After Receipt of Assessment
• Conclude Enquiries & Questionnaires	When Requested by SARS	After Receipt of Enquiry
• Conclude Administrative Matters	All VAT Vendors	When Need Arises
• Workmen's Comp Fund Cont		
• Submit Return (W.As.9)	All Employers	Refer to above Calendar Dates
• Check Assessment (W.As.6))	All Employers	On Receipt of Assessment
• Conclude Objections	When Disagree with Assessment	After Receipt of Assessment
• Conclude Enquiries & Questionnaires	When Requested by Workm Comp	After Receipt of Enquiry
• Unemployment Ins Fund Cont		
• Submit Return (UF3)	All Employers	Refer to above Calendar Dates
<b>Secretarial Department</b>		
• Annual Inspection		
• Scrutinize Statutory Documents	All Companies, CC's & Trusts	January
• Update Statutory Documents	Certain Companies, CC's & Trusts	January
• Annual Return		
• Submit Annual Return	All Companies & CC's	Month of Incorporation
• Annual General Meeting		
• Conclude Secretarial Matters	All Companies, CC's & Trusts	After Completion of Financials
• Submit Statutory Notices	When Need Arises	After Completion of Financials

Legal Department		
• Contracts & Forms		
• Conclude Trading Contracts & Forms	When Requested by SARS	When Need Arises
Audit Department		
• Audit		
• Request Information & Documentation	All Audit Clients	When Need Arises
• Conclude Further Investigative Procedures	All Audit Clients	When Need Arises
• Prepare Report of Auditor	All Audit Clients	After Completion of Financials
• Management Letter		
• Prepare Management Letter	When Need Arises	After Completion of Financials
Financial Statement Department		
• Annual Financial Statements		
• Update Bookkeeping & Financials	All Clients	When Need Arises
• Request Information & Documentation	All Clients	When Need Arises
• Prepare Report of Accountant	All Clients, except CC's & Audits	After Completion of Financials
• Prepare Report of Accounting Officer	All Close Corporations	After Completion of Financials
Service Bureau Department		
• Management Statements		
• Request Information & Documentation	All Businesses	When Need Arises
• Prepare Management Statements	Certain Businesses	Thirty Days after Month-end
• Statistics		
• Submit Questionnaire	Certain Businesses	On Receipt of Questionnaire
• Other Routine Services		
• Other Services Requested by Client	Certain Clients	After Requested by Client
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