

Capital gains tax (CGT)

40% of net capital gains included in taxable income in the case of individuals, and 80% in the case of companies, close corporations and trusts.

Individuals – the first R40 000 of aggregate annual capital gains and losses are excluded.

CGT does not apply, *inter alia*, to the first R2million of gain or loss in respect of the disposal of a primary residence.

Value-Added Tax (VAT)

Registration thresholds (non-exhaustive listing)

Compulsory – Taxable supplies exceeding R1million in a 12-month period

Voluntary – Taxable supplies exceeding R50 000 in a 12-month period

Commercial accommodation – Taxable supplies exceeding R120 000 in a 12-month period

Rates

Standard rate of 14% except where the zero rate applies.

Zero-rated supplies

Zero-rated supplies include exports of goods and services, sale of enterprise as a going concern, certain basic foodstuffs, illuminating paraffin, petrol and other distillate fuels.

Tax invoices

Must be issued within 21 days of supply. To qualify for input tax deduction, tax invoices must contain, *inter alia*, names, addresses and VAT registration numbers of supplier and recipient, date, serial number, description of goods, value of supply and amount of VAT.

Skills development levy

1% of payroll (subject to certain exclusions).

Unemployment Insurance Fund (UIF)

The employer and employee each contribute 1% of the worker's remuneration to UIF. The maximum remuneration on which UIF contributions are made is R14 872 per month.

Transfer duty

Applies to the transfer of immovable property. Immovable property includes an interest in a residential property company, close corporation or trust.

Natural persons, companies, close corporations and trusts

VALUE OF PROPERTY		TRANSFER DUTY PAYABLE	
R	R	R	R
0	– 750 000	0%	
750 001	– 1 250 000	3% of the amount over 750 000	
1 250 001	– 1 750 000	15 000 +	6% of the amount over 1 250 000
1 750 001	– 2 250 000	45 000 +	8% of the amount over 1 750 000
2 250 001	– 10 000 000	85 000 +	11% of the amount over 2 250 000
10 000 001	and above	937 500 +	13% of the amount over 10 000 000

These rates apply to purchase agreements concluded on or after 1 March 2016.

Estate duty

- Flat rate of 20% on the dutiable estate.
- Primary deduction – R3.5million.
- In addition, specific deductions, *inter alia* funeral and death bed expenses, debts due, administration charges, bequests to any public benefit organisation which is exempt from tax and bequests and property left to a surviving spouse, are allowable.

Donations tax

- Flat rate of 20% on donations made by a South African resident.
- The first R100 000 of property donated in each tax year by a natural person is exempt from donations tax.
- In the case of a taxpayer that is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 in total.
- Dispositions between spouses, and donations to public benefit organisations, are exempt from donations tax.

SARS interest rates

Overpayments of tax	– 5.75% p.a. (prior to 1 Mar 2016 – 5.50% p.a.)
Late/underpayment of tax	– 9.75% p.a. (prior to 1 Mar 2016 – 9.50% p.a.)
Official rate: Fringe benefits/DWT	
– interest free/low interest loans	– 7.75% p.a. (prior to 1 Feb 2016 – 7.25% p.a.)

Prime bank overdraft rates (The Standard Bank of SA Limited)

Date of change	Rate	Date of change	Rate
2016 29 January	10.25% p.a.	4 May	12.0% p.a.
2015 20 November	9.75% p.a.	29 May	11.0% p.a.
24 July	9.50% p.a.	14 August	10.5% p.a.
2014 30 January	9.0% p.a.	2008 11 April	15.0% p.a.
18 July	9.25% p.a.	13 June	15.5% p.a.
2012 20 July	8.5% p.a.	12 December	15.0% p.a.
2010 26 March	10.0% p.a.	2007 8 June	13.0% p.a.
10 September	9.5% p.a.	17 August	13.5% p.a.
19 November	9.0% p.a.	12 October	14.0% p.a.
2009 6 February	14.0% p.a.	7 December	14.5% p.a.
25 March	13.0% p.a.		

Average exchange rates per SARS website for the 12-month periods ending as follows:

	Nov 2015*	June 2015	Feb 2015
United States Dollar	12.4619	11.4497	10.9515
United Kingdom Sterling	19.1199	18.0031	17.7890
Euro	13.9691	13.7143	14.1358
Japanese Yen	0.1031	0.0999	0.1012
Swiss Franc	12.9628	12.1363	11.8805
Australian Dollar	9.4566	9.5466	9.6895

*Rates for December 2015 were not available at date of publication

Exchange control guidelines (South African residents)

Single discretionary allowance (including travel)

Adult R1million per calendar year

Travel allowance

Under 18 R200 000 per calendar year

Foreign capital allowance

Residents

R10million per calendar year for individuals over 18 who are taxpayers in good standing.

Emigrants

R10million for individuals over 18 (R20million per family unit) in calendar year of emigration and subsequent years. Excess subject to application.

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Companies and close corporations

(Other than mining and long-term insurance companies)

Normal tax

Payable at the rate of 28% on taxable income in respect of financial years ending during the 12-month period to 31 March 2017.

Tax on dividends

Dividend withholding tax (DWT)

DWT is the liability of the beneficial owner – usually the shareholder – but withheld by the company (subject to certain exemptions) at the rate of 15% of the dividend paid. DWT is payable at the end of the month following the month in which payment of the dividend is made.

Qualifying small business corporations (SBCs)

TAXABLE INCOME		RATES OF NORMAL TAX	
R	R	R	R
0	– 75 000	0%	
75 001	– 365 000	0 + 7% of the amount over	75 000
365 001	– 550 000	20 300 + 21% of the amount over	365 000
550 001	and above	59 150 + 28% of the amount over	550 000

These rates apply where:

- gross income does not exceed R20million, of which not more than 20% consists collectively of investment income and income derived from the rendering of a 'personal service';
- the company is not a personal service provider (as defined); and
- 100% of the shares in the SBC are held by natural persons who do not hold an interest in other unlisted companies (apart from certain exceptions)

Personal service provider (employment companies)

Taxed at 28% of taxable income.

Deductions are restricted to payments for services rendered by employees and certain narrowly defined business expenses.

Remuneration paid to personal service providers is subject to employees' tax.

Micro businesses – turnover tax

Qualifying registered micro businesses (individuals or companies) may elect to pay a turnover-based tax.

Individuals

Tax thresholds

Under 65 years

65 years to below 75 years

75 years and over

Tax rebates

Primary: All natural persons

Secondary: All natural persons 65 years and older

Tertiary: All natural persons 75 years and older

Monthly medical scheme fees tax credit

Each member and first dependant

Each additional dependant

Additional medical expenses tax credit

- Under 65 years with no disability
 - 25% of medical scheme contributions in excess of four times the medical scheme fees tax credit
 - 25% of any other qualifying medical expenses in excess of 7.5% of taxable income (excluding certain lumpsums)
- Under 65 years with disability or 65 years and older
 - 33.3% of medical scheme contributions in excess of three times the medical scheme fees tax credit
 - 33.3% of other qualifying medical expenses (excluding certain lumpsums)

Exempt portion of local interest

All natural persons under 65 years

All natural persons 65 years and older

Tax-free investment accounts

Annual contribution limit

Deductions

Retirement fund contributions

Contributions to pension, provident and retirement annuity funds during a tax year are deductible by members of those funds. Contributions by employers and taxed as fringe benefits are treated as contributions by the individual employee. The deduction is limited to 27.5% of the greater of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sums and severance benefits). The deduction is limited to a maximum of R350 000. Any contributions exceeding the limitations are carried forward to the next tax year. The amounts carried forward are reduced by contributions set off when determining taxable retirement fund lump sums or retirement annuities.

Approved educational and charitable donations

Limited to 10% of taxable income

R
75 000
116 150
129 850
13 500
7 407
2 466
286
192
23 800
34 500
30 000

Tax tables for the 2017 year of assessment

TAXABLE INCOME		RATES OF NORMAL TAX	
R	R	R	R
0	– 188 000	18% of each R1	
188 001	– 293 600	33 840 + 26% of the amount over	188 000
293 601	– 406 400	61 296 + 31% of the amount over	293 600
406 401	– 550 100	96 264 + 36% of the amount over	406 400
550 101	– 701 300	147 996 + 39% of the amount over	550 100
701 301	and above	206 964 + 41% of the amount over	701 300

Exclusions from provisional tax system:

No income derived from the carrying on of business and:

- taxable income will not exceed the tax threshold; or
- taxable income derived from interest, foreign dividends and rental will not exceed R30 000.

Travelling allowances

The cost scale below may be used to determine the tax-free component of a travel allowance received by an employee:

WHERE THE VALUE OF THE VEHICLE	FIXED COST R	FUEL COST c	MAINT COST c
Does not exceed R80 000	26 675	82.4	30.8
Exceeds R80 001 but does not exceed R160 000	47 644	92.0	38.6
Exceeds R160 001 but does not exceed R240 000	68 684	100.0	42.5
Exceeds R240 001 but does not exceed R320 000	87 223	107.5	46.4
Exceeds R320 001 but does not exceed R400 000	105 822	115.0	54.5
Exceeds R400 001 but does not exceed R480 000	125 303	132.0	64.0
Exceeds R480 001 but does not exceed R560 000	144 784	136.5	79.5
Exceeds R560 000	144 784	136.5	79.5

- Notes:
- Opening and closing odometer readings must be recorded, and a logbook recording business travel needs to be maintained
 - PAYE to be deducted from 80% of travel allowance. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes
 - Where the allowance is based on actual distance travelled – not exceeding 8 000km p.a. – the employee may elect to determine the tax-free component of a travel allowance at a rate of 318c/km

Right of use of motor vehicle

The monthly value for private use is 3.5% of the 'determined value' of the vehicle. This monthly value is reduced to 3.25% where the vehicle is subject to a 'maintenance plan'.

80% of the fringe benefit must be included in the employee's remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.

Where the employee bears the full cost of maintenance, insurance, licensing or fuel and accurate records of distances travelled are maintained, the taxable value is subject to adjustment on assessment.

Subsistence allowances

Applicable where employee spends at least one night away on employer business. The tax-free portions are:

Travel within South Africa

Incidental costs R115 per day

Incidental costs and meals R372 per day

Travel outside South Africa

Depends on country visited – see www.mazars.co.za for details

Trusts

Flat rate of income tax of 41%.

Residence-based system of tax

South African residents are subject to a residence-based income tax system and are taxed on their worldwide income and capital gains. Non-residents are taxed on South African source income and capital gains, with some exceptions.

Capital allowances

Manufacturer – process of manufacture or similar process

New or unused plant and machinery (own use)

- Acquired and brought into use from 1 March 2002
 - 1st year 40%
 - 2nd year 20%
 - 3rd year 20%
 - 4th year 20%

Used plant and machinery

- 20% p.a. straight line

Newly constructed commercial buildings (and upgrades)

A write-off period of 20 years, i.e. 5% per year

Commercial or residential buildings in 'urban development zones'

(Other than low-cost residential units)

Improvements 20%

New building/extension/additions

pre 21.10.2008 wef 21.10.2008

Year 1 20% 20%

Years 2 – 17 5%

Years 2 – 11 8%

Low-cost residential units in 'urban development zones'

Improvements 25%

New building/extension/additions

Year 1 25%

Years 2 – 6 13%

Year 7 10%

Farmer

New or used machinery, implements, utensils (excluding office equipment, private vehicles, livestock)

– 1st year 50% 2nd year 30% 3rd year 20%

SBCs

Manufacturing assets

– 1st year 100%

Non-manufacturing assets

– 1st year 50% 2nd year 30% 3rd year 20%

Industrial buildings

Annual allowances based on the cost (excluding interest or finance charges) of erection or improvements to qualifying buildings used wholly or mainly for a process of manufacture or similar process, commenced:

- on or before 31 December 1988 2%
- on or after 1 January 1989 5%
- 1 July 1996 to 30 September 1999, and brought into use on or before 31 March 2000 10%

Deduction in respect of wear and tear or depreciation

The straight line basis is permitted. Small items costing less than R7 000 and not forming part of a set may be written off in full in the year of acquisition.