

ACCOUNTING / TAXATION FORUM

DATES TO REMEMBER TO RENDER RETURNS

MONTHLY

- 7th RETURN FOR PAYE / SDL / UIF (EMP201)
 - 25th RETURN FOR VAT BEING CATEGORY A OR B (VAT201)
 - Note If the 7th or 25th of the month fall on a Saturday or Sunday or public holiday then the returns have to be submitted on the last working day PRIOR to 7th or 25th.
- Penalties of 10% is levied for late returns and interest at the prescribed rate is applied.

OTHER IMPORTANT DATES

- 26th May Reconciliation of IRP5 certificates (IRP501)
- 14th July Individual tax returns (IT12's) *****
- 31st August Provisional tax returns for individuals and corporations - 1st Period of new tax year (IRP6)
Return for corporation tax returns (IT14) *****
- 30 September Provisional tax returns for individuals and corporations - 3rd Period of last tax year (IRP6)
- 28th February Provisional tax returns for individuals and corporations - 2nd Period of new tax year (IRP6)

Penalties of 10% is levied for late returns and interest at the prescribed rate is applied. Additional interest (S89Quat) is applied if the 2nd Provisional return is submitted and an under-estimate of income is declared.

The provisional tax return dates for corporations assumes the tax year end being February.

Should a corporation have a different tax period then provisional returns must be made 6 months after such a period for the 1st return and 12 months for 2nd return.

Note: ***** indicates that Revenue will allow tax extension but to strict rules Only.

11 WHEN MUST PROVISIONAL TAX BE PAID

- In terms of Paragraphs 21, 23 and 23A, the due dates for payments are:
 - First period: This payment must be made within six months from the commencement of the year of assessment and half of the tax liability, for the full tax year, is payable.
 - Second period: This payment must be made not later than the last day of the year of assessment or approved financial year-end date.
 - In the case of where a February financial year-end creates financial hardship and approval has been obtained from SARS to submit financial statements to a date other than the end of February, such persons may also request approval to submit provisional tax returns in line with the approved financial year-end. All other income however remains in the year of assessment ending 28/29 February. (Applicable to Individuals and Trusts only).
 - Third period: Also known as "additional" or "topping-up" provisional payment. If such a payment is made it must be paid not later than the 'effective' date.
 - Where the year of assessment ends on 28 / 29 February the effective date is seven months after the financial year end, which is 30 September 2007.
 - For an approved financial year end which ends on a date other than 28/ 29 February, the effective date will be six months after the financial year end e.g. financial year end is 31 March 2007, the effective date will therefore be 30 September 2007.
 - The third payment is a voluntary payment which any provisional taxpayer can make. However taxpayers (other than companies) with a taxable income more than R50 000 or companies with a taxable income of R20 000 or more, may make a third voluntary payment to avoid interest in terms of section 89quat(2) being levied on any underpayment of tax on assessment.

8 DIRECTORS OF PRIVATE COMPANIES & MEMBERS OF CLOSE CORPORATIONS

- *As from the 2007 year of assessment, Directors of private companies and members of close corporations are not required to register as provisional taxpayers irrespective of the fact that employees' tax is deducted on the remuneration.*
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15 CALCULATION OF PROVISIONAL TAX

- Paragraphs 19(1), 21 and 23A regulate the calculation of provisional tax payable for the applicable period and are as follows:
 - The amount of tax payable is determined on the estimated taxable income. Consult the tax tables or the relevant statutory tax rates and the applicable tax rebates as presented in this publication.
- First Period:
 - This period represents:
 - half of the total tax for the full year;
 - less the employees tax deducted for this period (6 months);
 - less any allowable foreign tax credits for this period (6 months).
- The tax computation on the IRP 6 return for the first period is different to that of the previous years. Refer also to examples in this publication.
- Second Period:
 - This period represents:
 - the total estimated tax for the full year;
 - less the employees tax paid for the full year;
 - less the any allowable foreign tax credits for the full year;
 - less the amount paid for the first period.
- Third Period:
 - This period represents:
 - the total tax payable for the full year;
 - less the employees tax paid for the full year;
 - less the any allowable foreign tax credits for the full year;

NOTICE TO EMPLOYERS

CALCULATION OF UIF CONTRIBUTIONS

The Ministers of Finance and Labour have approved an increase in the monthly maximum remuneration for purposes of calculating UIF contributions in terms of the Unemployment Insurance Contributions Act NO.4 of 2002, from R 10966 to R 11662 with effect from 1 July 2006.

The maximum monthly contribution in respect of an employee who earns R 11 662 and more per month will amount to R 233.24 (R 11 662 x 2%) as from July 2006. This represents an increase of R 13.92 (R 233.24 - R 219.32) i.e. R 6.96 each by the employee and employer.

Employers using weekly and fortnightly payrolls which do not make provision for cents may round the cents off to the nearest rand when the weekly and fortnightly maximum remuneration is calculated for determining the contributions to be deducted from the relevant employees' remuneration.

EMPLOYEES' TAX DEDUCTION TABLES

As from 1 July 2006, the new EMP 10 Deduction Tables (volume 47) will apply. Employers must please ensure that these new tables are implemented not later than 1 July 2006. The EMP 10 is known as the "Guide for employers in respect of employees' tax" (volume 47) and has been sent to all employers. It is also available on the SARS website www.sars.gov.za under "Income Tax" and "Tax Rates, Interest Rates and Tables": AS-PAYE-OS Guide for employers in respect of Employees Tax.

FRINGE BENEFIT: RESIDENTIAL ACCOMMODATION

The current formula used to calculate the taxable value of this fringe benefit prescribes an abatement of R20 000 for purposes of calculating the value of "B" in the formula. This abatement is increased to R40 000 with effect from 1 March 2006.

FRINGE BENEFIT: FREE OR CHEAP SERVICES

The R 500 limit applicable to a cross-border travel facility granted to an employee by an employer who is engaged in the business of conveying passengers for reward by sea or by air, is deleted with effect from 1 March 2006. The value of this benefit is therefore equal to the lowest fare payable by any passenger utilising the facility less any amount paid by the employee.

The amendments to these fringe benefit calculations are included in the "Guide for employers in respect of employees' tax" (volume 47).

CHEQUES ISSUED TO SARS

All cheques issued in favour of SARS should bear the name "South African Revenue Service" and not the abbreviation SARS.

CONTACTING SARS: Details of the amendments to the legislation can be found in the Revenue Laws Amendment Bill, 2005 (Bill 40 of 2005) on SARS website at www.sars.gov.za under "Legislation".

Where employers have queries relating to PAYE, SDL and UIF, they should contact their local SARS branch office. Additional information can be obtained on the SARS website at: www.sars.gov.za.

Tony

From: ICSA [webmaster@icsa.co.za]
 Sent: 10 September 2006 05:00 PM
 To: Mr A Modari
 Subject: ICSA red flag law - Vol 1 Issue 13

Income Tax - Accelerated Depreciation

Article contributed by Hugh Knight, FCIS, registered tax practitioner and Western Cape regional representative of the Southern Africa Institute of Chartered Secretaries and Administrators. (www.icsa.co.za)

Most of us in business would like to immediately depreciate the items we buy for our business. Unfortunately, the taxman does not allow this, and instead chose a rate of depreciation (a wear and tear allowance) based on the expected life of an item, formulated as the number of years of anticipated life for the item, divided into 100.

Some examples of the write off periods allowed by SARS.

Item	Write-off (number of years)	00
Adding Machines	6	16.6
Battery chargers	5	20
Bicycles	4	25
Burglar alarms (removable)	10	10
Calculators	3	33.3
Cash Registers	5	20
Computers (personal computers)	3	33.3
Computers software (PC)	2	50
Drills	6	16.6
Fax Machines	3	33.3
Furniture and fittings	6	16.6
Passenger cars	5	20
Photocopying equipment	5	20
Power tools (hand operated)	5	20
Refrigerators	6	16.6

However, accounting convention (Small Items Written Off) for many years holds that a low cost item is immediately written off, and not depreciated over a number of years.

SARS also follows this practice, with a limit i.e. the maximum cost of a single item. In 1993, this limit was fixed at R250 per item. Over the years, this has been increased to R5000 (for items purchased from 1 March 2006).

This is very generous benefit for a small start-up business, in particular, bearing in mind that the write-off is per item. This means that you can set up an office, spend R50000 (or more) and claim the total expenditure in that tax year. Unlike normal depreciation, it is not necessary to apportion the depreciation over the number of months between acquisition date and the end of the tax year.

Enquiries should be addressed to SARS:

Branch - JOHANNESBURG

4 Rissik St, Johannesburg, 2001

Box 1051, Johannesburg, 2000

Tel 011-3748000

Fax 011 -3748532

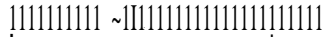
18 MONTAGU STREET
KENSINGTON
2094

Always quote this reference number in correspondence with this office or, during interviews.

Reference number

Date

: 2006-07-07



Year last assessed : 2005
Taxable income for that year : R52 076.00
Less: Capital Gain : R0.00
Basic amount : R52 076.00
Add: Percentage increase (See note A.1) : R0.00
SARS Estimated taxable income : R52 076.00

Tax period : 200701
Tax payable on or before : 2006-08-31

Do you accept the SARS estimate? (See note B.1)

Ecm

Estimated taxable income (See note B.1.3)
Tax on estimated taxable income (See note C)
Less: Rebates
Tax for the full year
First period: Less half of the tax for the full year
Less: Employees' tax for this period (6 months)
Less: Foreign tax credits for this period (6 months)
Tax payable for this period

A. SARS Estimate (See note B.1 & C)
R C

52 076.00
373.68
7 200.00
2 173.68
1086.6
0.00
1 086.84

B. Taxpayer Estimate (See note B.1 & C)
R C

70400
12672
7200-00
5472
173'-00
16-1-26'
nil
1084-14
1084-14

Add: Penalty

Add: Interest

Total amount payable (See note D)

Do you wish to submit a lower estimate? (See note B.3) if YES, motivate your request below.

Motivation for lower estimate

[Large area with diagonal lines indicating no request for a lower estimate]

Maximum 500 characters

12 tax tables required

1: C

Signature of the provisional taxpayer or representative taxpayer

Name of the provisional taxpayer or the representative taxpayer

Date