

## DEDUCTIONS FROM INCOME - INDIVIDUALS

### Pension fund contributions

The deductible amount for current contributions is limited to the greater of (1) 7.5% of retirement funding income or (2) R1 750.

The limit for arrear contributions is R1 800 per annum with a carry forward allowed for any excess.

### Retirement annuity fund contributions

The deductible amount for current contributions is limited to the greater of (1) 15% of non-retirement funding income (including investment income but excluding income from retirement lump sums) after taking account of all attributable deductions apart from tax deductible donations, tax deductible medical expenses and certain farming losses and expenses, or (2) R3 500 less the deductible current pension fund contributions or (3) R1 750.

The limit for arrear contributions is R1 800 per annum with a carry forward allowed for any excess.

### Medical expenses

#### 2015 year of assessment

No taxpayers claim deductions in respect of medical aid contributions or qualifying medical expenses. A credit - only (tax rebate) system applies.

*Where the taxpayer is under the age of 65 and is not disabled and has no disabled dependents*

In respect of medical aid contributions, the amount of the credit is limited to:

- R257 where the contributions are in respect of the taxpayer only;
- R514 in respect of the taxpayer and one dependent;
- R514 plus R172 each, in the case of additional dependents.

An additional credit is allowed in the amount of 25% of:

[so much of the amount of medical aid contributions paid by the taxpayer as exceeds four times the contribution limits above and the sum of qualifying medical expenses] to the extent such amounts exceed 7.5% of taxable income (excluding retirement lump sum benefit).

*Where the taxpayer is under the age of 65 and is disabled or has a disabled dependent, or alternatively is 65 or older*

In respect of medical aid contributions, the amount of the credit is limited as per the category for taxpayers under the age of 65.

An additional credit is allowed in the amount of 33.3% of:

so much of the amount of medical aid contributions paid by the taxpayer as exceeds three times the contribution limits above and the sum of qualifying medical expenses.

#### 2014 year of assessment

*Where the taxpayer is under the age of 65 and is not disabled and has no disabled dependents*

A credit (rebate) in respect of medical aid contributions applies. The amount of the credit is limited to:

- R242 where the contributions are in respect of the taxpayer only;
- R484 in respect of the taxpayer and one dependent;
- R484 plus R162 each, in the case of additional dependents.

A deduction from taxable income is allowed for: [so much of the amount of medical aid contributions paid by the taxpayer as exceeds four times the contribution limits above and the sum of other qualifying medical expenses] to the extent such amounts exceed 7.5% of taxable income (excluding retirement lump sum benefits).

*Where the taxpayer is under the age of 65 and is disabled or has a disabled dependent*

In respect of medical aid contributions, the amount of the credit is limited as per the category for taxpayers under the age of 65.

A deduction from taxable income is allowed for: so much of the amount of medical aid contributions paid by the taxpayer as exceeds four times the contribution limits above and the sum of qualifying medical expenses.

*Where the taxpayer is aged 65 or older*

A deduction from taxable income is allowed for: the sum of the medical aid contributions paid by the taxpayer and qualifying medical expenses.

## Donations to certain Public Benefit Organisations

The deduction is limited to 10% of taxable income calculated before deducting medical expenses, with a carry forward allowed for any excess. The deduction claimed must be supported by a Section 18A certificate issued by the PBO. A deduction for PAYE purposes may be allowed ('payroll giving').

### TRANSFER DUTY

Transfer duty is calculated on the value of fixed property acquired to the extent to which the acquisition is not subject to VAT. In respect of properties acquired under an agreement concluded on or after 23 February 2011, the rates are as follows, irrespective of juristic nature of the acquirer of the property:

Property value (R)	Rate of tax (R)
0 – 600 000	0%
600 001 – 1 000 000	3% of the value in excess of 600 000
1 000 001 – 1 500 000	12 000 plus 5% of the value in excess of 1 000 000
1 500 001 and above	37 000 plus 8% of the value in excess of 1 500 000

### TAX ADMINISTRATION ACT NO. 28 OF 2011 (TAA)

The TAA came into effect on 1 October 2012 (subject to certain exclusions). This Act deals solely with tax administration and consolidates the majority of the administrative provisions of the various tax Acts into one piece of legislation. Taxpayers should be mindful that the remedies available to them under the old governing legislation are not necessarily available under the TAA. Careful consideration should be given to the instances when SARS is entitled to remit understatement and other penalties.

## COMPANIES AND CLOSE CORPORATIONS (OTHER THAN CERTAIN GOLD MINING COMPANIES AND LONG-TERM INSURERS)

Year of assessment ended during the period of 12 months ending 31 March

Normal tax on taxable income	2015	2014
Companies (other than entities below)	28%	28%
Companies (other than entities below) Effective capital gains tax rate	18.6%	18.6%
Turnover-based presumptive tax system (elective) for micro businesses (turnover not exceeding R1 000 000)	0%-5% of turnover	0%-6% of turnover
Non-resident companies with a branch in the Republic on SA source income Personal service providers	28% 28%	28% 28%
Small business corporations 2015 <sup>(N1)</sup> taxable income: 0 - R70 700 R70 701 - R365 000 R365 001 - R550 000 R550 001 and above	0% 7% of the amount above R70 700 R20 601 + 21% of the amount above R365 000 R59 451 + 28% above the amount above R550 000	
Small business corporations 2014 <sup>(N1)</sup> taxable income: 0 - R67 111 R67 112 - R365 000 R365 001 - R550 000 R550 001 and above	0% 7% of the amount above R67 111 R20 852 + 21% of the amount above R365 000 R59 702 + 28% above the amount above R550 000	
Public benefit organisations and recreational clubs (trading income only)	28%	28%

(N1) Primary requirements to qualify as a small business corporation: all the shares are held by individuals, none of whom hold shares in any other company (other than listed shares, unit trusts and shares in certain tax exempt entities); the gross income of the corporation may not exceed R20 million for the year of assessment (R20 million for 2014); not more than 20% of the gross income of the company may comprise investment income and income from rendering a personal service and the company is not an 'employment company' or a 'personal service provider'.

## WITHHOLDING TAXES

A withholding tax is levied in the Republic on the following amounts (**subject to double tax treaty relief**):

### Dividends tax

In respect of dividends declared and paid on or after 1 April 2012, the Secondary Tax on Companies (STC), which was a tax at the rate of 10% on a company that declared a dividend, is replaced with a dividends withholding tax. This is a tax on the beneficial owner of a dividend at the standard rate of 15%, subject to numerous exemptions, including dividends paid to South African resident companies and Public Benefit Organisations as beneficial owners and where the dividend is not exempt from income tax in the hands of the recipient.

### Interest

A final withholding tax on interest paid to non-residents will come into effect in respect of interest that is paid or that becomes due or payable on or after 1 January 2015. The tax will be at the standard rate of 15%. There are numerous exemptions, including interest arising from banks, government debt and listed debt.

### Royalties and similar payments to non-residents

A final withholding tax at the rate of 12% of the gross royalties payable in respect of royalties paid or that become due or payable to non-residents for the use of patents, designs etc. in the Republic. This rate will be increased to 15% with effect from 1 January 2015.

### Cross-border service fees

It has been proposed that a withholding tax on cross-border service fees at the standard rate of 15% will become effective from 1 January 2016.

### Disposal of immovable property

A withholding tax in advance of a non-resident's capital gains tax liability must be withheld by the purchaser in respect of the disposal by a non-resident of immovable property with a value in excess of R2m. The rates are: 5% of the purchase price if the seller is a natural person, 7.5% if the seller is a company and 10% if the seller is a trust. A lower withholding rate than those set out above may be granted on application.

### Foreign entertainers and sportspersons

A final withholding tax of 15% of the gross revenue is payable.

## SARS INTEREST RATES

	Rates from 1 March 2011	Rates from 1 May 2014
Late or underpayment of tax	8.5% p.a.	9% p.a.
Refund of overpayment of provisional tax	4.5% p.a.	5% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	8.5% p.a.	9% p.a.
Refund of VAT after prescribed period	8.5% p.a.	9% p.a.
Late payment of VAT	8.5% p.a.	9% p.a.
Customs and Excise	8.5% p.a.	9% p.a.

## VALUE ADDED TAX (VAT)

VAT is levied on taxable supplies by registered VAT vendors at the standard rate of 14%. A number of supplies are zero rated, for example goods exported from the Republic and other suppliers are classified as exempt, for example financial services and residential accommodation.

## SECURITIES TRANSFER TAX (STT)

STT is levied at a rate of 0.25% on the higher of the consideration paid and the market value in respect of the transfer or redemption of listed or unlisted securities, including that of members' interests in close corporations.

## SKILLS DEVELOPMENT LEVY (SDL)

Employers with a payroll of R500 000 or more per annum must account for SDL. SDL is calculated at 1% of the leviable amount of the monthly payroll including directors' fees.

## UNEMPLOYMENT INSURANCE FUND (UIF)

Unemployment insurance contributions are payable monthly by employers on the basis of a contribution of 1% by the employer and 1% by the employees, based on employees' remuneration below a certain amount.



# POCKET TAX GUIDE



2014/2015

## RATES OF TAX

### Individual, special trusts, insolvent and deceased estates

Year of assessment ending 28 February 2015

Taxable income (R)	Rate of tax (R)
0 – 174 550	18% of each R1
174 551 - 272 700	31 419 + 25% of the amount above 174 550
272 701 - 377 450	55 957 + 30% of the amount above 272 700
377 451 - 528 800	87 382 + 35% of the amount above 377 450
528 001 - 673 100	140 074 + 38% of the amount above 528 000
673 101 and above	195 212 + 40% of the amount above 673 100

Year of assessment ending 28 February 2014

Taxable income (R)	Rate of tax (R)
0 – 165 600	18% of each R1
165 601 - 258 750	29 808 + 25% of the amount over 165 600
258 751 - 358 110	53 096 + 30% of the amount above 258 750
358 111 - 500 940	82 904 + 35% of the amount above 358 110
500 941 - 638 600	132 894 + 38% of the amount above 500 940
638 601 and above	185 205+ 40% of the amount above 638 600

## RATES OF TAX

### Retirement fund lump sum withdrawal benefits

Year of assessment ending 28 February 2015

Taxable income (R)	Rate of tax (R)
0 – 25 000	0% of taxable income
25 001 - 660 000	18% taxable income over 25 000
660 001 - 990 000	114 300 + 27% of taxable income above 660 000
990 001 and above	203 400 + 36% of taxable income above 990 000

### Retirement fund lump sum benefits or severance benefits

Year of assessment ending 28 February 2015

Taxable income (R)	Rate of tax (R)
0 – 500 000	0% of taxable income
500 001 - 700 000	18% of taxable income over 500 000
700 001 - 1 050 000	36 000 + 27% of the amount above 700 000
1 050 001 and above	130 500 + 36% of the amount above 1 050 000

Trusts (other than special trusts)	2015	2014
Normal tax rate for years of assessment ending on 28 February	40%	40%
Effective capital gains tax rate	26.6%	26.6%

## USEFUL INFORMATION AT A GLANCE

Rebates and thresholds	2015	2014
Primary rebate for individuals	R12 726	R12 080
Secondary rebate (65 years of age or older) (in addition to primary rebate)	R7 110	R6 750
Tertiary rebate (75 year of age or older) (in addition to primary and secondary rebate)	R2 367	R2 250
Tax threshold for individuals under 65 years of age	R70 700	R67 111
Tax threshold for individuals 65 years of age to below 75 years of age	R110 200	R104 611
Tax threshold for individuals 75 years of age or older	R123 350	R117 111
Interest exemption		
Interest exemption for individuals under 65 years of age <sup>(N1)</sup>	R23 800	R23 800
Interest exemption for individuals 65 years of age or older <sup>(N1)</sup>	R34 500	R34 500
(N1) The interest exemption is only applicable against South African sourced interest.		
Donations tax and estate duty		
Donations tax rate	20%	20%
Donations tax – annual exemption (individuals only)	R100 000	R100 000
Estate duty rate	20%	20%
Estate duty abatement <sup>(N1)</sup>	R3.5 m	R3.5 m

(N1) Where the deceased was the spouse at the time of death of a previously deceased person, the estate duty abatement is R7m less the abatement utilised in the estate of the previously deceased person.

Capital Gains Tax - Individuals	2015	2014
Annual capital gain/loss exclusion	R30 000	R30 000
Primary residence exclusion <sup>(N1)</sup>	R2 m	R2 m
Exclusion on death	R300 000	R300 000
Once-off relief for disposal of qualifying small business assets <sup>(N2)</sup>	R1.8 m	R1.8 m
Effective capital gains tax rate – individuals and special trusts	0 - 13.3%	0 - 13.3%

(N1) The primary residence exclusion reduces losses as well as gains on the disposal of a primary residence.

(N2) Applies in respect of the disposal of 'active business assets' of a 'small business' if the seller is 55 years of age or older or if the disposal is in consequence of ill-health, other infirmity, superannuation or death. The relief may extend to cover the disposal of an entire direct equity interest of at least 10% in a company. To constitute a 'small business', the market value of all assets of the business must not exceed R10 million at the date of the disposal.

## TRAVEL ALLOWANCE

	2015	2014
Travel allowance subject to PAYE	80% <sup>(N1)</sup>	80% <sup>(N1)</sup>
Travel allowance - maximum vehicle value <sup>(N2)</sup>	R560 000	R480 000

(N1) Where the employer is satisfied that at least 80% of the use of the vehicle will be for business purposes, then PAYE may be based on 20% of the travel allowance.

(N2) In terms of both the deemed and actual cost reduction methods, the value of the vehicle is capped at this amount. In respect of the actual cost reduction method, the capping applies in respect of wear and tear or lease payments and finance charges.

(N3) In order to claim any reduction against the travel allowance received, a log book needs to be maintained.

Travel allowance - deemed expenditure scale as an alternative to actual data applicable for the year ending 28 February 2014

Value of the vehicle (including VAT)	Fixed cost (R)	Fuel cost (c)	Maintenance cost (c)
R0 - R80 000	25 946	92.3	27.6
R80 001 - R160 000	46 203	103.1	34.6
R160 001 - R240 000	66 530	112.0	38.1
R240 001 - R320 000	84 351	120.5	41.6
R320 001 - R400 000	102 233	128.9	48.8
R400 001 - R480 000	120 997	147.9	57.3
R480 001 - R560 000	139 760	152.9	71.3
Exceeding R560 000	139 760	152.9	71.3

## Reimbursement based travel allowance

If an employee is reimbursed for business kilometres travelled at a rate not exceeding R3,30 per kilometre, no tax will be payable provided:

- the travel allowance is based on actual business kilometres travelled; and
- the distance travelled in the vehicle for business purposes during the year of assessment does not exceed 8 000 kilometres; or
- where more than one vehicle has been used, the total distance travelled in those vehicles for business purposes does not exceed 8 000 kilometres; and
- no other compensation in the form of a further travel allowance or reimbursement is paid by the employer to the employee.

## COMPANY CAR

Company car	2015	2014
Taxable value per month		
• First company car:		
– If no maintenance plan	3.5%	3.5%
– If subject to maintenance plan	3.25%	3.25%
• Second and subsequent company cars (not used primarily for business):		
– If no maintenance plan	3.5%	3.5%
– If subject to maintenance plan	3.25%	3.25%

Notes:

- The above monthly rates apply to the determined value of the vehicle. From 1 March 2011 VAT is included in calculating the determined value.
- From 1 March 2011, reductions to the fringe benefit value for private travel and / or costs borne by the employee for insurance, maintenance or fuel for private travel are only made on assessment. In order to claim a reduction, a logbook needs to be maintained.
- 80% of the fringe benefit value, not reduced for private use or costs above, is subject to PAYE. Where the employer is satisfied that at least 80% of the use of the vehicle will be for business purposes, then PAYE may be based on 20% of the fringe benefit value.
- Where the employer holds the vehicle under an operating lease, the fringe benefit value is not calculated on the percentage method per the table above, but is the sum of the lease costs and the cost of fuel.

## OFFICIAL RATE OF INTEREST (FRINGE BENEFITS)

With effect from 1 March 2011 the official rate of interest is:

- Loan in Rands: 100 basis points above the repurchase (repo) rate.
- Loan in foreign currency: 100 basis points above the equivalent of the repo rate for that currency.

Where the repo rate changes the official rate changes from the commencement of the following calendar month.

The current official rate is set at 6.5% with effect from 1 February 2014.



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