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HIGHLIGHTS OF THE 2002/2003 BUDGET
29 FEBRUARY 2002

The contents of this publication incorporates the budget proposals tabled in Parliament on 20 February 2002 by Mr. TA Manuel, Minister of Finance. The notes are subject to amendment if the Income Tax Act is amended by Parliament and it is important that this point should be borne in mind when considering the application of these notes to any specific case.

Salient features of the budget proposals pertaining to tax are summarised below for ease of reference.

INDIVIDUALS

Personal Income Tax Rates

The revised income tax tables propose relief to low and middle income earners. Taxpayers with taxable income of up to R150 000 per annum will enjoy a reduction in taxes due of 25%, taxpayers earning between R150 000 and R300 000 save 14% and taxpayers earning more than R300 000 save 7%. (See comparison tables on pages 7 and 8).

The maximum marginal tax rate has been reduced by 2% to 40% on income in excess of R240 000 per annum. The lowest rate remains unchanged at 18% but now applies to taxable income under R40 000 (previously R38 000).

The primary rebate has been increased from R4 140 to R4 860 while the additional age rebate for individuals over 65 has remained at R3 000.

The minimum tax threshold increases from R23 000 to R27 000 and in the case of persons aged 65 and over from R39 154 to R42 640.

Interest income exemption

The interest exemption has been increased from R4 000 to R6 000 and from R5 000 to R10 000 for persons 65 and over. Of this exemption only R1 000 will be allowed against foreign interest and foreign dividends.

Provisional tax

The threshold for registration regarding non-employment income has been increased from R2 000 to R10 000 from 1 March 2002.

COMPANIES

Manufacturing incentives for small businesses

Further relief has been proposed for years of assessment ending on or after 1 April 2002:
- 15% tax rate on the first R150 000 of taxable income (previously R100 000); and
- An annual turnover requirement of R1 million is to be increased to R3 million.

Accelerated depreciation allowance for manufacturing plant

New manufacturing assets acquired within 3 years from 1 March 2002 will be written off as follows:

- Year 1 - 40%
- Year 2 - 20%
- Year 3 - 20%
- Year 4 - 20%

The threshold for assets acquired and written off on acquisition has been increased from R1 000 to R2 000 per asset.

DIVIDENDS

The definition of a dividend is to be amended to include profit of a capital nature on a liquidation distribution.

ESTATE DUTY AND DONATIONS TAX

Tax exempt donations are to be raised to R30 000 (previously R25 000) for individuals and to R10 000 (previously R5 000) for companies.

Estate duty exemption is to be increased from R1 million to R1,5 million.

REVIEW OF OTHER MONETARY THRESHOLDS

- The exemption for long service and bravery awards has been increased to R5 000 (previously R2 000).
- The threshold in respect of salaries paid to staff with bursaries and scholarships has been increased to R60 000 (previously R50 000).(See page 16)
- The R1 000 threshold in respect of medical deductions has been deleted.

TRUSTS

It is proposed that trusts be taxed at a flat rate of 40% from 1 March 2002 except for special trusts.

TRANSFER DUTY

Transfer duty rates for individual have been adjusted.
(See page 45)

WAGE INCENTIVES

An allowance to employers in the form of a R25 000 deduction will be permitted when a learnership agreement is signed, and a further R25 000 when the learnership is successfully completed. This incentive programme applies to all learnerships entered into from 1 October 2001 and will apply for a five-year period.

THE CALCULATION OF TAX PAYABLE - INDIVIDUALS

Gross Income	....
Less: Exempt income (see pages 9 and 10)	....
Income	
Less: Deductions (see pages 10 to 12)	....
Add: 25% of capital gain (see pages 32 to 37)	....
TAXABLE INCOME	
TAX per tables (see page 5)	....
Less: REBATES (see page 5)	....
NORMAL TAX PAYABLE	
Less: Provisional tax paid	
Foreign tax credit	
PAYE/SITE paid	
	....
TAX DUE	....
	....

NORMAL TAX RATES
YEAR ENDED 28 FEBRUARY 2003 & 2002

NATURAL PERSONS AND SPECIAL TRUSTS

Rebates	2001	2002	2003
Primary rebate	R3 800	R4 140	**R4 860**
Age rebate - over 65	R2 900	R3 000	**R3 000**

Tax threshold			
Under 65	R21 111	R23 000	**R27 000**
Over 65	R36 538	R39 154	**R42 640**

Taxable Income	2002 Rates of Tax
R R	R R
0- 38 000	18% of each R1
38 001- 55 000	6 840 + 26% of the amount over 38 000
55 001- 80 000	11 260 + 32% of the amount over 55 000
80 001-100 000	19 260 + 37% of the amount over 80 000
100 001-215 000	26 660 + 40% of the amount over 100 000
215 001 and over	72 660 + 42% of the amount over 215 000

Taxable Income	2003 Rates of Tax
R R	R R
0 - 40 000	**18% of each R1**
40 001 - 80 000	**7 200 + 25% of the amount over 40 000**
80 001-110 000	**17 200 + 30% of the amount over 80 000**
110 001-170 000	**26 200 + 35% of the amount over 110 000**
170 001-240 000	**47 200 + 38% of the amount over 170 000**
240 001 and over	**73 800 + 40% of the amount over 240 000**

TRUSTS (Other than Special Trusts)

Taxable Income	2002 Rates of Tax
R R	R R
0 - 100 000	32% of each R1
100 001 and over	32 000 + 42% of the amount over 100 000

Taxable Income	2003 Rates of Tax
R R	R R
0 - and over	**40% of each R1**

CORPORATE TAX RATES
YEARS OF ASSESSMENT ENDING AFTER 1 MARCH 2002

Companies and Close Corporations

Taxable Income **R**	**Rate of Tax** **%**
Small business corporation	
0 - 150 000	15%
150 000 - and over	30%
Companies tax rate	30%
STC on dividends declared	12.5%

Local branch of foreign company

Normal tax rate	35%

Long-term insurers

Individual policyholder funds	30%
Company policyholder and Corporate funds	30%
Exempt policyholder funds	0%

Retirement funds

Tax rate on gross interest and net rentals	25%

Gold mines	38%

Comparison of 2003 with 2002 Taxes Payable
Persons under 65 years

Taxable Income	2003 Rates	2002 Rates	Annual Reduction	Monthly Reduction
R	R	R	R	%
30 000	540	1 260	720	57%
40 000	2 340	3 220	880	27%
50 000	4 840	5 820	980	17%
60 000	7 340	8 720	1380	16%
70 000	9 840	11 920	2 080	17%
80 000	12 340	15 120	2 780	18%
90 000	15 340	18 820	3 480	18%
100 000	18 340	22 520	4 180	19%
125 000	26 590	32 520	5 930	18%
150 000	35 340	42 520	7 180	17%
175 000	44 240	52 520	8 280	16%
200 000	53 740	62 520	8 780	14%
250 000	72 940	83 220	10 280	12%
300 000	92 940	83 220	10 280	11%
350 000	112 940	125 220	12 280	10%
400 000	132 940	146 220	13 280	9%
450 000	152 940	167 220	14 280	9%
500 000	172 940	188 220	15 280	8%
600 000	212 940	230 220	17 280	8%
700 000	252 940	272 220	19 280	7%
800 000	292 940	314 220	21 280	7%
900 000	332 940	356 220	23 280	7%
1 000 000	372 940	398 220	25 280	6%

Comparison of 2003 with 2002 Taxes Payable
Persons over 65 years

Taxable Income	2003 Rates	2002 Rates	Reduction	Reduction
R	R	R	R	%
No tax under R42 640 earnings per annum				
45 000	590	1 520	930	61%
50 000	1 840	2 820	980	35%
55 000	3 090	4 120	1 030	25%
60 000	4 340	5 720	1 380	24%
65 000	5 590	7 320	1 730	24%
70 000	6 840	8 920	2 080	23%
80 000	9 340	12 120	2 780	23%
90 000	12 340	15 820	3 480	22%
100 000	15 340	19 520	4 180	21%
125 000	23 590	29 520	5 930	20%
150 000	32 340	39 520	7 180	18%
175 000	41 240	49 520	8 280	17%
200 000	50 740	59 520	8 780	15%
250 000	69 940	80 220	10 280	13%
300 000	89 940	101 220	11 280	11%
350 000	109 940	132 220	12 280	10%
400 000	129 940	143 220	13 280	9%
450 000	149 940	164 220	14 280	9%
500 000	169 940	185 220	15 280	8%
600 000	209 940	227 220	17 280	8%
700 000	249 940	269 220	19 280	7%
800 000	289 940	311 220	21 280	7%
900 000	329 940	353 220	23 280	7%
1 000 000	369 940	395 220	25 280	6%

TAXATION OF NATURAL PERSONS

BASIS OF TAXATION

Tax is imposed on all persons who have taxable income. There is one set of income tax tables applicable to all natural persons, irrespective of marital status or dependants. The amount of tax is reduced by rebates which are dependent on the taxpayer's age.

Persons married out of community of property

Married persons are taxed as separate taxpayers and each spouse is taxed on his/her own income. Section 7 (2) of the Income Tax Act provides one exception to the rule:

- Any income which is received by or accrued to a spouse in consequence of a donation/settlement/ disposition by the other spouse is deemed to be income of the spouse who made such donation/ settlement/disposition if done solely to avoid tax.

Persons married in community of property

If persons are married in community of property, the net property rentals and/or interest income received by them is deemed to accrue in equal shares to each spouse. Any income which does not fall into the joint estate of the spouses is taxed in the hands of the spouse entitled thereto.

Minor children

Minor children may be taxpayers in their own right and are taxed on income received or accrued by them. Where the income arises as a result of the child's parent having made a donation or transferring income to the child, the resultant income will be taxed in the parent's hands.

EXEMPT INCOME

The following income received is exempt from income tax:

- Pension received or accrued to a resident from a source outside the Republic.
- Capital portion of a purchased annuity.
- Exemption on remuneration received from foreign services on behalf of a employer (see S10(i)(0)(ii)).
- War and certain disability pensions.
- All dividends received (excepting dividends distributed by property trusts).
- Interest earned by natural persons, up to a maximum of R6 000 per tax year (R10 000 for persons 65 years of age). Only R1 000 allowed against foreign interest and foreign dividends.

- Interest earned by persons not resident nor carrying on business in the Republic.
- UIF and Workmen's Compensation benefits.
- An amount up to a maximum of R30 000 received on termination of employment subject to:

  (i) the taxpayer having attained 55 years of age; or
  (ii) termination of employment being the result of ill-health or superannuation; or
  (iii) termination of services resulting from the employer ceasing to carry on trade; or the taxpayer becoming redundant as a consequence of a general reduction of personnel. This exemption is not available if the taxpayer was at any time a director of the company or held more than 5% of the shareholding in the company.

DEDUCTIONS

Medical and Disability Expenses

Medical Expenditure
- being all costs paid in respect of medical, dental and hospitalisation expenses, including contributions to medical aid funds, payments to nursing home/registered nurse/midwife.

Deduction allowable as follows:

- Taxpayers over the age of 65
There is no limit on the deduction claimable i.e. all medical and disability expenses (except amounts recoverable from a medical aid) paid by the taxpayer can be deducted.

- Taxpayers under the age of 65
The medical deduction is limited to the total amount of expenses to the extent that the amount exceeds 5% of taxable income before the medical deduction.

Physical Disability Expenditure
- being all expenses necessarily paid by a taxpayer as a result of his physical disability or the physical disability of his spouse, child or step-child.
If the taxpayer or his spouse/child/stepchild is handicapped, all medical expenses (i.e. not only those paid in respect of the handicapped person) may be claimed to the extent that it exceeds R500 p.a.

Notes: The deduction is claimed by the person who pays the expense.

Entertainment

The whole of any entertainment allowance received by an employee is to be included in his gross income. An advance for or a reimbursement of entertainment expenses actually incurred on the instructions of the taxpayer's employer will not be included in gross income. Entertainment expenses as contemplated include the provision of food, drink, accommodation, theatre tickets, gifts, travel facilities and any incidental expenditure.

The deduction of entertainment expenses incurred by a natural person directly in connection with his trade is limited to the lesser of:
(i) R2 500; or
(ii) R300 plus 5% of so much of the taxable income from trade as exceeds R6 000.
In the case of a taxpayer who derives his income in the form of a salary or similar remuneration, the deduction is available only if his duties regularly and necessarily involve entertainment and he receives a reimbursive allowance which is included in his gross income.

The deduction for "salaried" taxpayers is limited to the amount of the reimbursive allowance.

Donations to "Public Benefit Organisations"

Bona fide donations made by individuals and companies to certain Public Benefit Organisations are deductible up to a maximum of the greater of R1 000 or 5% of taxable income before this deduction.
Proof of payment is required by Revenue.

Home Study expenses

A deduction for home study costs will only be allowed if:
- the study is exclusively used for the purpose of the taxpayer's trade; or
- in the case of an employee who derives income mainly from commission, his duties are mainly performed other than in an office provided by the employer.

Contributions to Pension, Retirement Annuity and Provident Funds

Pension Funds
Any person may claim a deduction of his current contributions to a Pension Fund. The deduction is limited to the greater of:
(i) R1 750; or
(ii) 7,5% of his remuneration derived from retirement funding employment.

A maximum deduction of R1 800 per annum is allowable for arrear contributions to a Pension Fund.

Retirement Annuity Funds
A taxpayer may claim his current contributions to a Retirement Annuity Fund as a deduction which is limited to the greatest of:
(i) 15% of income from non-retirement funding employment;
(ii) R3 500 less any deduction for current contributions to a Pension Fund; or
(iii) R1 750.

The maximum deduction of contributions with regard to the reinstatement of membership of a Retirement Annuity Fund is R1 800 per annum.

Provident Funds
Contributions to approved Provident and Benefit Funds are not allowed as a deduction from the taxpayer's income.

PROVISIONAL TAX

Provisional payments are advance tax payments in respect of normal tax payable for the year.
The following taxpayers are obliged to make provisional tax payments:
- Individuals who earn taxable income of R10 000 or more which is not "remuneration" as defined;
- Any director of a private company; or
- Any member of a close corporation.

Due dates for returns

First provisional tax return
Due within the first six months of the tax year - 31 August

Second provisional tax return
Due before the end of the tax year - 28 February

Third provisional tax return
Due seven months after the end of the tax year for February year ends - 30 September
Due six months after the end of the tax year, for year ends other than the end of February.

The third provisional tax payment must bring the total tax paid for the year up to 100% of the taxpayer's liability if interest is to be avoided. With effect from 1 March 2000 interest on an underpayment of the third provisional tax payment is charged at 13% p.a. (non-deductible) whereas interest on an overpayment accrues at a rate of 9% (taxable).

No interest is levied on taxpayers with taxable income of less than R50 000 and hence these taxpayers are not required to make third provisional tax payments.

Natural persons over the age of 65 are not subject to provisional tax if the only income that they receive is remuneration, interest, dividends or rental from letting fixed property. Their taxable income should not exceed R80 000 for the year and is effective from 1 March 2001.

PAYE

Employers are required to deduct employees tax according to PAYE tax deduction tables on all remuneration paid to employees unless otherwise instructed in terms of a tax deduction directive issued by the South African Revenue Service.

Directors of private companies as well as members of close corporations are required to deduct PAYE from any amount paid to them by such companies or close corporations in respect of services rendered or to be rendered, unless the Commissioner so otherwise directs, effective 1 March 2002.

Standard Income Tax on Employees (SITE)

SITE is a procedure through which the normal tax in respect of the first R60 000 of an employee's remuneration is finally determined by the employer and deducted under the PAYE system.

SITE constitutes either a final or minimum liability, and is thus not refundable, except in certain instances. The most important exclusions from the SITE system are:

- directors' remuneration;
- 50% of any travel allowance;
- remuneration that may be set off against any assessed loss;
- remuneration from which the taxpayer is entitled to claim expenses of at least 1% of such remuneration.

All taxpayers who receive remuneration will thus have an element of SITE in their tax deductions but only amounts which are PAYE in excess of the SITE liability will be refunded.

From an administration point of view the SITE liability is only calculated at the end of a tax period, but on a monthly basis tax deductions are made in terms of the PAYE tables.

TAXATION OF LUMP SUM PAYMENTS

Certain lump sum payments received on termination of service qualify for taxation at the average rate of tax. These amounts are taxed at the rate of tax applicable to the other income derived by the taxpayer during the year.

In determining the rating amount for calculating the effective tax rate applying to a lump sum payment, the deduction allowable in respect of retirement annuity fund contributions will only be allowed as a deduction from income excluding the lump sum benefit.
In addition, lump sums qualifying for the concession will be taxed at the higher of the rating amount calculated for the year of accrual of the lump sum and the preceding year of assessment.

Lump sum payments received by the taxpayer from his employer by way of bonus, gratuity or compensation upon either reaching the age of fifty five, retirement due to superannuation, ill health or other infirmity are tax free to a maximum of R30 000 over the lifetime of the taxpayer.

Furthermore, all employees who lose their jobs as a result of either the employer ceasing to operate or because of a general reduction of personnel will qualify for the tax free concession, regardless of age. This extension will however not apply to any present or past director nor to any shareholder who holds or held more than 5% of the company's shares.

Lump sum benefits payable by approved funds are aggregated for tax purposes and subjected to tax as detailed below.

On retirement

Pension Funds
A maximum of one third of the taxpayer's entitlement may be commuted to cash. The actual tax free amount of this lump sum benefit is calculated using a formula which takes into account the number of years of membership of the fund and highest annual average salary over any five-year period of membership, limited to the greater of R120 000 or R4 500 times the number of years of membership, plus contributions not previously allowed as deductions.

Retirement Annuity Funds
A maximum of one third of the taxpayer's entitlement may be commuted to cash. The tax free portion of the lump sum benefit will be equal to the amount commuted up to the greater of R120 000 or R4 500 times the number of years of membership, plus contributions which were not allowed as a tax deduction.

Provident Funds
As for Pension Funds with a minimum tax free amount of R24 000.

On death prior to retirement

Pension and Provident Funds
The benefits are the same as on retirement except that the minimum amount which will be tax free is the greater of R60 000 or twice the taxpayer's salary for the last twelve months again limited to the greater of R120 000 or R4 500 times the number of years of membership, plus contributions not previously allowed as deductions.

On withdrawal from the Fund

Pension Funds
The tax free portion will be R1 800 plus any amount paid into any approved pension or retirement annuity fund.

Retirement Annuity Funds

The tax free portion will be R1 800 plus the amount paid into another retirement annuity fund or used to purchase an approved insurance policy that provides benefits similar to a retirement annuity fund.

Provident Funds

The tax free portion will be R1 800 plus any amount paid into any approved pension, provident or retirement annuity fund.

Provided that the tax free portions from either a pension, provident or retirement annuity fund shall not be less than the lesser of the lump sum benefit or any contributions made to the fund by the member which were not previously allowed as deductions.

THE TAXATION OF FRINGE BENEFITS

The Income Tax Act provides for the taxation of various taxable benefits granted by an employer by virtue of services rendered by an employee.

Bursaries

Bona fide bursaries or scholarships granted by an employer to an employee or employee's relative shall be exempt in the hands of the employee. However, this exemption will not apply in circumstances where the bursary has been granted due only to the person's employment if:

- the employee's present or future remuneration is forfeited as a result of the bursary, or
- the bursary is granted to an employee's relative and the employee earns more than R60 000 per annum in which case the exemption is limited to R2 000 per annum.

From the employer's point of view, no deduction shall be granted in respect of a bursary or scholarship granted to an employee or employee's relative, if granted on a present or future salary sacrifice basis.

Acquisition of asset at less than actual value

- A taxable benefit arises whenever an asset (other than money) has been acquired by an employee from:
  - his employer, or
  - an associated institution, or
  - any other person by arrangement with his employer.
- The benefit is the difference between the value and the consideration given by the employee.

Travelling allowances

If an employee uses his own motor vehicle for business purposes and receives an allowance from his employer to defray expenditure, the allowance is tax free to the extent it is expended for business purposes.
Unless acceptable figures for expenditure and business kilometres can be produced, the expenditure for business purposes is calculated on total kilometres travelled (limited to a maximum of 32 000 kms), less deemed private travel of 14 000 kilometres at a rate per kilometre determined by the value of the vehicle from the table below. Where the taxpayer has interchangeably used more than one vehicle for business, the deemed private travel of 14 000 kilometres will be applied separately to each vehicle. The value of the vehicle is essentially the purchase price including VAT but excluding finance charges. Private travelling includes travelling between the employee's place of residence and his place of employment.

Rates per kilometre in respect of private vehicles used for business purposes 1 March 2002.

Where the value of the vehicle -	**Fixed cost R**	**Fuel cost c**	**Maintenance cost c**
does not exceed R30 000	16 916	23.1	17.1
exceeds R30 000 but not R35 000	18 984	23.5	17.3
exceeds R35 000 but not R40 000	21 051	23.8	17.8
exceeds R40 000 but not R45 000	23 116	24.3	18.5
exceeds R45 000 but not R50 000	25 197	24.8	19.2
exceeds R50 000 but not R55 000	27 670	25.3	19.9
exceeds R55 000 but not R60 000	29 778	25.5	20.6
exceeds R60 000 but not R70 000	33 873	25.9	21.3
exceeds R70 000 but not R80 000	38 102	26.1	22.2
exceeds R80 000 but not R90 000	40 538	26.3	22.7
exceeds R90 000 but not R100 000	44 535	26.5	23.4
exceeds R100 000 but not R110 000	48 533	26.8	24.1
exceeds R110 000 but not R120 000	51 110	27.5	24.8
exceeds R120 000 but not R130 000	54 990	28.1	25.5
exceeds R130 000 but not R140 000	58 803	28.9	26.2
exceeds R140 000 but not R150 000	62 677	29.4	26.9

Where the value of the vehicle exceeds R150 000-

(a) the fixed cost shall be the sum of R62 677 plus an amount of R3 874 for every R10 000 or part thereof by which the value of the vehicle exceeds R150 000;

(b) the fuel cost shall be 29,4 cents per kilometre; and

(c) the maintenance cost shall be 26,9 cents per kilometre.

The fixed cost is pro-rated if the vehicle is not used for business purposes for the full year.
The deduction in respect of business travel of less than 8 000 kms will apply only if no other allowance or reimbursement is received by the employee in respect of the vehicle.

Where business travel is 8 000 km or less for the year of assessment, the rate per kilometre shall, at the option of the recipient, be 153 cents per kilometre.

For PAYE purposes, 50% of the monthly travel allowance is regarded as remuneration and is subject to PAYE.

Three different methods of determing business travel cost:

- taxpayer can furnish accurate data, can deduct actual cost.
- actual kilometres travelled for the year;
  less: private use travel
  equals: actual business travel (records kept).
- actual kilometres travelled for the year (limited 32 000km);
  less: deemed private travel (14 000km)
  deemed business travel (18 000km)

Note: An amendment in 1995 will no longer permit a taxpayer to deduct deemed business expenditure if he has been given the use of an employer owned vehicle as contemplated in par. (7) of the 7th schedule and a travel allowance is paid in respect of the same vehicle.

Right of use of motor vehicle

Where a taxpayer is granted the right to use a motor vehicle free of charge or for a consideration less than the value of the use of that vehicle, a taxable benefit accrues to him and is included in his taxable income.

The monthly taxable benefit for employer owned vehicles used by employees is 1,8% of the determined value of the vehicle. The taxable benefit of a second or subsequent vehicle granted by an employer to an employee or his family, where the vehicle is not used primarily for business purposes is 4% of the determined value.

The "determined value" of the vehicle is the original cash cost to the employer (excluding VAT) or the retail market value thereof in the case of a lease, or donation. However, should the taxpayer not be the first employee to have use of the motor vehicle, and the taxpayer first obtains the right of the use of the vehicle more than twelve months after the employer acquired the vehicle, the determined value comprises the original value as determined above, depreciated by 15% per annum on the reducing balance. The determined value does not decrease in subsequent years.

Where the employee:

(i) bears the cost of all fuel used for private purposes, the value of private use for each such month shall be reduced by an amount of R120;

(ii) bears the full cost of maintaining the vehicle, the value of private use for each such month shall be reduced by an amount of R85.

The fringe benefit may be reduced if the employee keeps a detailed logbook to prove that private kms travelled are less than 10 000 km p.a.

The value of private use will not be reduced where the vehicle is temporarily not used by the employee for private purposes.

In the following cases private use of a motor vehicle will not give rise to a taxable benefit:

(i) if the vehicle is available to and used by employees of the employer in general; the private use is of a casual nature or merely incidental to the business use; and the vehicle is not normally kept at or near the employee's home when not in use outside business hours.

(ii) the nature of the employee's duties are such that he is regularly required to use the vehicle outside his normal hours of work and he is not permitted to use such vehicle for private purposes other than travelling between his place of residence and work.

This fringe benefit has a VAT implication. The employer must account for output VAT, the consideration for which is calculated as follows:

	% of determined value p.m.
Motor vehicle as defined	0,3
Other vehicles	0,6

Where the employee:

(i) pays for the use of a motor vehicle, the consideration on which the VAT is based must be reduced by what the employee pays;

(ii) bears the full cost of repairs and maintenance of the vehicle, the consideration calculated is reduced by R85 p.m.

Interest on loans

The taxable benefit arising from interest-free or low-interest loans granted to employees will be valued at the difference between the rate and the interest (if any) payable by the employee.

The official interest rate is:

1 September 1998 - 30 November 1998	16%
1 December 1998 - 30 April 1999	19%
1 May 1999 - 31 August 1999	16%
1 September 1999	14,5%
1 March 2000	13%
1 October 2001	10,5%

No benefit is placed on a casual loan to an employee up to R3 000 or a study loan to enable the employee to further his own studies.

Where the employee has utilised the loan to produce income, the interest taxed as above is deductible in terms of the general deduction formula.

Subsistence allowance

While an employee is absent from his usual place of residence for the purpose of his duties and for at least

one night then he is entitled to a tax free allowance of:
Within the Republic
- R65 per day if the accommodation is paid by the employer or if the employer bears a portion of the costs.

Outside the Republic
- \$120 per day in addition to accommodation costs.

This allowance only applies for continuous periods not exceeding six weeks away from home.

Sale or donation of an asset

Any asset acquired by an employee from his employer at less than its value is taxable on the difference between the value of the asset and the consideration (if any) paid by the employee. VAT is payable by the employer on this difference at a rate of 14/114.
The first R5 000 of an asset awarded is excluded if it comprises:
- bravery award; or
- long service award (unbroken period of service of 15 years or any subsequent unbroken period of 10 years).

Right of use of an asset (other than residential accommodation or motor vehicles)

A taxable benefit arises whenever an employee is granted the right to use any asset for his private or domestic purposes either free of charge or for a consideration which is lower than the value of use. VAT is payable by the employer on this value at a rate of 14/114.
Exclusions:
- amenities enjoyed at work or recreational facilities;
- equipment or machinery used by employees for private use for short periods of time and the value of the use is negligible; or
- assets consisting of books, literature, recordings or works of art.

Residential accommodation

If an employer or associated institution provides residential accommodation which is owned by the employer to an employee (in which property the employee does not have any interest), the employee will be taxed on the difference between the rental value for the year as determined by the following formula and the amount paid by him:

$$(A-B) \times \frac{C}{100} \times \frac{D}{12}$$

A = the remuneration of the employee in the preceding year of assessment, including directors fees, but excluding entertainment allowances and taxable benefits from the use of a motor vehicle or residential accommodation.

If the employee was with the current employer for only part of the preceding year his salary is grossed up to that of a full year, but if he was with another employer in the previous year, A will be his first month's salary divided by the number of days in that month and multiplied by 365.

B = R20 000 except for the following situations where it is nil:

(i) where the employer is a private company controlled directly or indirectly by the employee or his spouse even if the employee is only one of the persons controlling the company; or

(ii) where the employee or his spouse or minor child has a right of option or pre-emption granted by the employer or another person by arrangement with the employer whereby they may become the owner of the accommodation.

C = 17, or 18 if unfurnished and power or fuel is supplied by the employer or furnished but no power or fuel supplied, and 19 if furnished and power and fuel are supplied.

D = the number of months the employee was entitled to occupation.

If an employer provides accommodation for an employee through the rental of a property (irrespective of whether the employee has an interest in the property or not), or by the purchase of a property in which the employee has an interest, the value of the benefit is the greater of an amount arrived at by using the formula or the total amount of the rentals payable for such accommodation by the employer and any other expenditure defrayed by the employer in respect of such accommodation.

This valuation based on the cost to the employer will not apply where:

(i) it is customary for the employer in the industry concerned to provide free or subsidised accommodation to employees;

(ii) it is necessary for the employer to provide free or subsidised accommodation for the proper performance by employees of their duties, and as a result of frequent movement of employees or lack of existing accommodation; or

(iii) the benefit is provided at arms length and for bona fide purposes.

When all three of the criteria have been met the value will be determined in accordance with the formula even though accommodation is not wholly owned by the employer.

Housing subsidies

- Where a loan has been granted to an employee, the amount taxed is the difference between interest payable on the loan and the official interest rate.
- Where a housing subsidy has been paid by the employer the full amount will be taxable in the hands of the employee.

Holiday accommodation

If the accommodation is hired by the employer the employee will be taxed on all costs borne by the employer (including meals, refreshments and services). In any other case the employee will be taxed on R100 per person per day or at the prevailing rate, if lower.
Where the use of residential accommodation is rented by the employee and the employee has an interest in the accommodation, the rent paid by the employer is deemed not to have been received by or accrued to the employee or any connected person in relation to the employee.

Payment of employee's debts

A taxable benefit arises where an employer has paid an amount owing by the employee to a third party, without requiring reimbursement from the employee.

Professional subscriptions paid by the employer are however exempt if membership is a condition of employment.

Meals and refreshments

An employee is taxed on the cost to the employer of any meal or refreshment provided by the employer.
The following exclusions apply:
Meals or refreshments

- supplied in a canteen or dining room operated for employees;
- supplied during business hours, extended working hours or a special occasion; or
- enjoyed by an employee providing entertainment on behalf of the employer.

Free or cheap services

Services provided to an employee by his employer (whether they are rendered by the employer or some other person) for no cost or for an amount lower than the cost of such services to the employer, give rise to a liability for tax to the employee on the difference between the cost to the employer of the service and the amount paid by the employee.

The following exclusions apply:

- Certain situations where the employer is engaged in the business of conveying passengers;
- Transport service conveying employees between their home and work; or
- Services rendered by employer to assist with better performance of employees' duties.

Occasional services costing up to R500 p.a. rendered by the employer to the employee.

Medical Aid contributions

- as from 1 April 1998 a fringe benefit arises when an employer has directly or indirectly made any contribution to any medical aid scheme for the benefit of an employee or his dependants, and
- if such contribution exceeds two thirds of the total contribution to the fund.

Exemptions

The following benefits are exempt from tax:

(i) The value of a uniform, or an allowance paid for that purpose, which an employee is required to wear while he is on duty, provided that the uniform is clearly distinguishable from ordinary clothing;

(ii) Cost of the transfer of an employee to another place of employment arising out of the appointment or resignation of an employee at the insistence of the employer; and

(iii) If an employee purchases shares under a share incentive scheme and the transaction is cancelled or the shares are repurchased from the employee, the employee will not be taxed on the amount received in so far as it does not exceed the amount paid for the shares;

(iv) Any bona fide scholarship or bursary granted to enable or assist any person to study at a recognised educational or research institution (certain restrictions - see S10(i)(q)).

Employer's obligations

The determination of the cash equivalent of any taxable benefit is to be made by the employer although the Commissioner may redetermine the cash equivalent if he thinks the employer's determination is incorrect.

An employer is obliged to deduct PAYE on taxable fringe benefits.

COMPANIES / CLOSE CORPORATIONS

Normal Taxation

Close corporations are taxed at the same rates and on the same basis as companies. The rate of SA normal company taxation is:

- Years of assessment ending up to 31.03.1999: 35%
- Years of assessment ending after 1.04.1999: 30%
- Years of assessment ending after 1.04.2000: 30%

Small business corporation (see definition below) for years of assessment ending on/after 1 April 2002:

- First R150 000: 15%
- R150 000 and over: 30%

Employment company for years of assessment ending on/after 1 April 2000: 35%

- Personal service companies (see page 25) or,
- Labour broker (who has not been issued with an exemption certificate for PAYE purposes):

A small business corporation is:

- A close corporation or private company (other than an employment company);
- The entire shareholding or membership of which is held by natural persons;
- The gross income of which does not exceed R3 million during the year of assessment;
- None of the shareholders or members, at any time during the year of assessment, holds shares in any other company (other than listed companies); and
- Not more than 20% of the gross income consists collectively of investment income and the rendering of personal services by members or shareholders.

For the purposes of the above definition personal service is defined as:

Any service in the field of accounting, actuarial science, architecture, auctioneering, auditing, broadcasting, broking, commercial arts, consulting, draftsmanship, education, engineering, entertainment, health, information technology, journalism, management, performing arts, real estate, research, secretarial services, sport, surveying, valuation or veterinary science, which is performed personally by any person who holds an interest in the company or close corporation referred to in the definition of 'small business corporation'.

A personal service company is:

Any company (other than a labour broker) where any service rendered on behalf of the company to a client (of the company) is rendered personally by any person who is a connected person in relation to the company and

(a) Such person would be regarded as an employee of the client if such service was rendered directly by such person to the client; or
(b) Such person or company is subject to the control or supervision of such client as to:
   - The manner in which the duties are performed; or
   - The hours in which the duties are performed; or
(c) The amount paid in respect of such service consists of, or includes, earnings which are payable at regular daily, weekly, monthly or other intervals; or
(d) Where more than 80% of the income of such company (during the year of assessment) from services rendered consists of or is likely to consist of amounts received directly or indirectly from any one client or any associated institution in relation to such client.

Any company which throughout the year of assessment employs more than three full time employees, who are engaged on a full time basis in the business of such company of rendering any service to a client, other than an employee who is a shareholder or member or the company or is a connected person in relation to such shareholder or member, is excluded from the definition of a personal service company.

Any amount that is paid to an employment company is now subject to employees' tax at the rate of 35%.

Furthermore, S23(k), which came into operation with effect from 1 April 2000, prohibits a deduction in respect of any expenses incurred by a labour broker (who is not in possession of a certificate of exemption for PAYE purposes) or a personal services company, other than remuneration paid to an employee which will be taken into account when determining the taxable income of that employee.

Secondary Tax on Companies

A company resident in RSA will be liable for secondary tax (STC) on dividends declared. STC is payable on the net amount, which comprises the dividend declared less total dividends received or accrued during the dividend cycle. The dividend cycle extends between dividend declaration dates, or where the dividend was declared before 17 March 1993, the dividend cycle is deemed to commence on 1 September 1992 and ending on the day on which such dividend accrues to the shareholder.

STC is payable on or before the last day of the month following the month in which the dividend cycle ends. Interest on late payment of STC is charged at 13% per annum - there is however no penalty in respect of a late payment for STC.

Rates applicable to STC for dividends declared:

- on or after 17 March 1993 and before 22 June 1994: 15%
- on or after 22 June 1994 and before 14 March 1996: 25%
- on or after 14 March 1996: 12,5%

Capitalisation share awards are excluded from the definition of "dividends" in terms of the Income Tax Act and are consequently not subject to STC.

Anti-avoidance provisions include the deeming of certain cash or asset distributions to shareholders or their relatives on or after 17 March 1993 to constitute dividends for the purposes of STC, for example an interest free loan by a close corporation to a member.

With effect from 23 February 2000, interest-free loans between associate companies that were previously not deemed dividends for STC purposes are now subject to the deemed dividend provision due to an amendment to the legislation.

Provisional Tax

All companies and close corporations (except those engaged in gold mining activities) are obliged to make provisional tax payments.

Provisional payments are advance tax payments in respect of normal tax payable for the year. Companies are required to make the first provisional tax payment within six months of the tax year and the second provisional payment before the end of the company’s tax year.

The third optional provisional payment is due seven months after the end of the tax year if the year end is February, and six months after the end of the tax year if the year end is on any other date. The third provisional tax payment must bring the total tax paid for the year up to 100% of the taxpayer's liability, if interest is to be avoided. No interest is levied on companies with taxable income of less than R20 000 and hence these companies are not required to make third provisional tax payments.

With effect from 1 March 2000, interest on an underpayment of the third provisional tax payment will be charged at 13% p.a. (non-deductible) whereas interest on an overpayment will accrue at a rate of 9% p.a. (taxable).

TRUSTS

Trusts have a separate fiscal identity and are taxed on a separate income tax table. They are not entitled to the interest exemption nor the primary rebate. Various anti-tax avoidance provisions exist to combat the use of trusts from income splitting.

Income retained in a trust will be taxed at a flat rate of 40%.

Special trusts are taxed according to the tables applicable to natural persons. A special trust is one created for the benefit of a person who suffers from a mental illness or serious physical disability, where such illness or disability incapacitates such person from earning sufficient income to support himself/herself.
Losses incurred in trusts may no longer flow through to the beneficiaries but will be retained in the trust, to be carried forward to future years. This applies to new trusts created from 11 March 1998 and to existing trusts for all years of assessment commencing on or after 1 January 1999.

CAPITAL ALLOWANCES

Plant and Machinery

New or used plant and machinery used in a process of manufacturing or similar process qualifies for a write off over five years (20% p.a.). New machinery must have been aquired before 1 July 1996 or after 30 September 1999.

New manufacturing assets acquired within 3 years from 1 March 2002 will be written off over a period of 4 years, 40% in year one and 20% p.a. thereafter for the remaining 3 years.

Plant and machinery acquired by small businesses, as defined (see page 24), can be deducted in the year the asset was acquired (100%). The effective date 6 April 2001.

Farmers are entitled to an allowance of 50%, 30% and 20% over three years respectively calculated on the cost of machinery, implements and articles used for farming, excluding passenger motor vehicles and office furniture and equipment. Farmers are also entitled to the deduction of various capital expenses against farming income.

These allowances are recoupable and are not reduced where the asset was used for only part of the year.

Wear and Tear Allowance

Assets used for trade (excluding buildings and assets qualifying for the above-mentioned allowances) qualify for a depreciation allowance on the straight line basis over the useful life of the asset.

The Commissioner has approved the following write-off periods:

	years
Personal computers - hardware	3
- software	2
- mainframe	5
Passenger cars	5
Delivery vehicles	4
Motor cycles	4
Furniture and fittings	6
Cash registers	5
Telephone equipment	5
Typewriters, adding machines	6
Workshop equipment	5
Air conditioners (window type)	5
Calculators	3
Demountable partitions	6
Dental and Doctors equipment	5
Fax machines	3
Fitted carpets	6
Shop fittings	6
Photocopying equipment	5
Security systems	5
Cellular telephones	3
Containers	5
Burglar alarms (removable)	10
Fork-lift trucks	4
Front-end loaders	4
Neon signs and advertising boards	10
Television sets, video machines and decoders	6
Text books	3
Trucks (heavy duty)	3
Trucks (other)	4

A more detailed list is available on request.

In order to qualify for these write-off periods, the taxpayer must maintain an adequate fixed assets register. The allowance is reduced proportionately if the asset is purchased during the tax year. A shorter write-off period may be applied for. Assets costing R2 000 or less may be written off in full in the year of acquisition. A taxpayer may change from a reducing balance method to a straight-line method in respect of existing assets. Should the election be made the straight-line method must be applied to all assets of the same class.
The assets will have to be written off over the remaining period of their life. The remaining period of their life is the write-off periods acceptable to Inland Revenue.

Where the original cost of an asset amounts to less than R2 000, the balance on changeover to the straight-line basis may be written off in full in the year of the changeover.

Buildings

An annual allowance of 5% is allowed in respect of the cost of certain industrial and hotel buildings and improvements thereto if erection was commenced on or after 1 January 1989. Where erection commenced before 1 January 1989, the annual allowance is limited to 2%.

For a limited period the tax allowance was granted on an accelerated basis:

Where any erection of any building commenced during the period 1 July 1996 to 30 September 1999 and the building is brought into use before 31 March 2000, the cost of such building will be written off at 10% per annum on the straight-line basis.

The annual allowance is also claimable in respect of purchased industrial buildings provided that the seller was entitled to the allowance.

Residential Building Allowance

An initial allowance of 10% and an annual allowance of 2% of the cost of erecting housing accommodation for letting or for occupation by the taxpayer's full-time employees may be deducted in the year in which the project is completed and the accommodation is first let or occupied, provided the project consists of not less than five housing units.

Housing Allowance

The taxpayer may deduct 50% of the cost (up to a maximum of R6 000) of erecting a dwelling for his employee (and his household) in certain circumstances.

LISTED SHARES

A taxpayer can elect to regard the proceeds upon the sale of listed shares held for at least 5 years to be of a capital nature and therefore tax free. Such election must be made in the tax year in which the first 5-year-old listed share is sold. This election cannot be revised and will result in the addback of expenses previously deducted by sharedealers.

FOREIGN EXCHANGE PROFITS/LOSSES

A comprehensive section was introduced with effect from years of assessment ending on/after 1 January 1994 in an attempt to standardise the tax treatment of exchange profits and losses. The section basically provides for the deduction/inclusion of exchange losses/profits both realised and unrealised whether of a capital nature or not.

TAXATION OF RETIREMENT FUNDS

Tax at the rate of 25% is payable on the following income of Retirement Funds: gross interest, net rentals, dividends received from property unit trusts and compensation received by lenders from borrowers of interest-bearing instruments.

TRADING STOCK

Trading stock includes packing materials. The trading stock provisions in s22 do not apply to farmers, the First Schedule deals with farmers.
With effect from 1 July 2000 no person may, for the purposes of determining the cost price of any trading stock, adopt the LIFO basis.
Trading stock is reflected net of VAT if an input can be claimed and inclusive of VAT if an input cannot be claimed. (Taxpayer is not a vendor)
Any donation of trading stock and the cost price of such trading stock which was accounted for in the taxable income, will have a deemed recoupment of an amount equal to the cost price or where the cost price cannot be determined the market value of such trading stock.
During a "company formation transaction" trading stock will be deemed to be transferred at cost. The transferor therefore makes no profit.

TRADING STOCK PHASING IN PROVISIONS

Consumable stores and spare parts acquired for use in the course of trade (other than farming) are to be included in trading stock for years of assessment ending on or after 1 January 1991. Similarly, the cost of construction work including improvements and materials on site where a taxpayer has carried out construction or similar activities on fixed property owned by another person will be deemed to be closing stock in the taxpayer's hands until the contract is completed. Both the above first inclusions in closing stock will be phased in over a period of ten years for years of assessment ending after 1 January 1991.
The phasing in period for consumable stores and construction work in progress and the phasing out period for LIFO stock are the same. For years of assessment ending after 1 January 2000 the phasing in is complete.

CAPITAL GAINS TAX (CGT)

Effective Date

1 October 2001 (Valuation date)

Determination of a capital gain or loss

A capital gain or loss is the difference between the base cost of an asset and the proceeds received or deemed to have been received for that asset upon the disposal or the deemed disposal of that asset.

Determination of base cost

Assets acquired before 1 October 2001:
The base cost will be the sum of the "valuation date value" and qualifying costs incurred after the valuation date. The valuation date value, depending on the information and records available, can be determined by using anyone of the following methods:

a) Market value of the asset on 1 October 2001.
b) The time-apportionment base method.
c) 20% of the proceeds from the disposal.

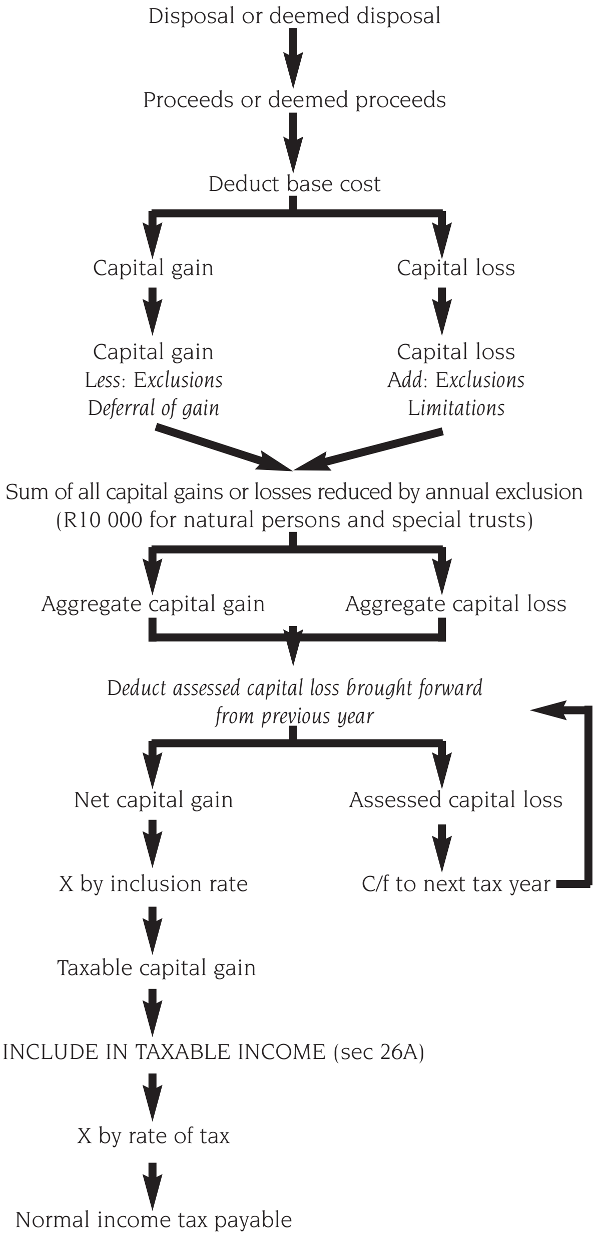
Assets acquired on or after 1 October 2001:
The base cost is the price paid for the asset, plus certain other costs incurred that are directly related to buying it, selling it or improving it. The following are examples of costs that cannot be added to the base cost:

- Expense otherwise allowable as a deduction for income tax purposes
- Borrowing costs
- Raising fees
- Rates and taxes
- Insurance

In the case of an asset that was subject to a deemed disposal, the base cost in the hands of the recipient will be equal to the deemed proceeds that were used to calculate the gain.

In the case of assets that were acquired before 1 October 2001, special rules apply to prevent taxpayers from claiming phantom losses or from being taxed on gains that were made before that date.

Basic Framework



Inclusion Rates

Type of taxpayer	Inclusion Rate	Statutory tax rate (%)	Effective Tax rate (%)
Individuals	25	0 - 42	0 - 10.5
Companies	50	30	15
Trusts			
Unit	N/A	30	N/A
Special	25	0 - 40	0 - 10.5
Other	50	32 & 42	16 & 21
Retirement Funds	N/A	0	N/A
Life Assurers			
Ind policyholder fund	25	30	7.5
Co policyholder fund	50	30	15
Corporate fund	50	30	15
Untaxed policyholder fund	0	0	0

Liability for CGT

- South African residents are liable for CGT on their world wide assets
- Non-residents are liable for CGT on the following assets situated in South Africa:
  - Immovable property and any interest in or right to that immovable property; and
  - Assets of a permanent establishment, branch or agency situated in the Republic through which trade is carried on.

What is an "asset"?

It is property of whatever nature, whether movable or immovable, corporeal or incorporeal, including:

- Coins mainly made from gold or platinum coins.
- Any right or interest of whatever nature to or in such property,

but excluding currency.

What is a "disposal"?

Means any event, act, forbearance or operation of law, which in terms of the Eighth Schedule and more particularly par 11 is treated or regarded as a disposal and includes:

- events that constitute alienation or transfer of ownership of an asset; e.g. sale, donation, cession, expropriation, grant or exchange;
- events that result in expiry or abandonment of an asset; e.g. forfeiture, termination, redemption, cancellation, surrender, waiver, discharge, release, renunciation or relinquishment;
- scrapping, loss or destruction of an asset
- vesting of an interest in a trust asset in a beneficiary;
- distribution of an asset by a company to a shareholder;
- granting, renewal, extension or exercise of an option;
- decrease in value of a person's interests in a company, trust or partnership through value shifting;

The following are not regarded as disposals:

- transfer of an asset as security for debt;
- issuing of shares by a company;
- granting of an option by a company to take up shares or debentures;
- issuing of units by an equity unit trust or the granting of an option to take up units;
- issuing of a bond, debenture, note or borrowing of money from a person;
- obtaining of credit from a person;
- distribution of trust assets to a beneficiary who has a vested right to the assets;
- correction in deeds office of incorrect property registration;
- lending of marketable security in terms of lending arrangement;

Certain events are deemed disposals for CGT purposes whilst certain other events will give rise to simultaneous disposals and acquisitions.

Exclusions

The following are examples of assets that are excluded from CGT:

- Primary residence owned by a natural person or special trust (various special rules apply);
- Most personal use assets, i.e. assets not mainly used for purposes of carrying on a trade;
- Lump sum benefits from pension, provident or retirement annuity fund;
- Proceeds from long term insurance policies (excluding second-hand policies);
- Payments as compensation for personal injury, illness or defamation claims;
- Gains from gambling, games or competitions authorised and conducted in terms of RSA laws;
- Gains made by approved Public Benefit Organisations;
- Gains and losses made by unit trust funds;
- Gains of up to R500 000 on the disposal of a small business by reason of death, reaching the age of 55 or for reasons of ill-health, provided certain requirements are met;
- Donations and bequests to approved Public Benefit Organisations.

Roll-over or deferrals

In the case of the following the gain on the disposal of an asset is deferred until a subsequent CGT event.

- Involuntary disposals (e.g. theft, fire) provided the asset is replaced within one year;
- Reinvestment in replacement assets that is brought into use within one year;
- Transfers between spouses.

Capital losses not taken into account

Losses suffered in respect of the following transaction or events cannot be claimed for CGT purposes:

- Losses on disposal of intangible assets acquired before 1 October 2001;
- Losses in respect of certain forfeited deposits;
- Losses suffered on loans to connected person written-off;
- Losses suffered on transactions with connected persons are ring-fenced and can only be off-set against gains resulting from dealing with that same connected person;
- Losses on disposal of options on certain personal use assets.

Assets held in foreign currency

Special rules apply in respect of assets held and disposed of in foreign currencies.

In the case of foreign equity instruments profits and losses resulting from foreign exchange differences must be account for.

"Currency" is excluded from the definition of an "asset" and therefore not subject to the normal CGT rules. However, draft regulations have been issued setting out how foreign exchange gains and losses must be treated for CGT purposes. These regulations have not been finalised.

Foreign exchange differences on the disposal of assets other than "currency" and "foreign equity instruments" are not taken into account for CGT purposes.

The calculation of CGT

Consideration on disposal	....
LESS: Base cost	....
Capital gain	....
LESS: Primary exclusion (if applicable)	....
Amount subject to CGT	....
MULTIPLIED BY: Inclusion rate (25%/50%)	....
Amount of the capital gain to be included in the taxpayer's income	....

RESIDENCE BASED TAX

With effect from 22 February 2000 foreign sourced dividends earned by South African residents become taxable in South Africa with certain exceptions (e.g. the dividend paying company is listed on the JSE).
With effect from years of assessments commencing on or after 1 January 2001, all income earned by a South African resident will become taxable in South Africa, while non-residents will still be taxed on their South African source income.

Definition of Resident

Natural person

The definition of resident provide that in the case of a natural person, a resident is:

- Any natural person who is permanently resident in the Republic;
- Any natural person who is not permanently resident in the Republic but who:
  - Is physically present in the Republic for a period exceeding 91 days during the current year of assessment and for a period exceeding 91 days during each of the prior 3 years of assessment; and
  - Was physically present in the Republic for a period exceeding 549 days (one and a half years) in aggregate during the previous 3 years of assessment.

Where a person has been outside of the Republic for a continuous period of 330 full days after he ceases to be physically present in the Republic, he will be deemed not to have been resident in the Republic from the day that he ceased to be physically present in the country.

South African resident employees who render services for their employer outside of South Africa for a period which in aggregate exceeds 183 full days commencing on or ending during a period of assessment, and for a continuous period exceeding 60 full days during such 183 day period, will not be liable for income tax on their remuneration for the period that they are outside the Republic.

Foreign contract workers in the Republic on contracts of less than 3 full years will be exempt from the definition of resident.

Companies

A company will be considered to be a resident in South Africa for tax purposes if it is incorporated, established, formed or have their place of effective management in the Republic.

International head quarter companies are not defined as resident in South Africa for income tax purposes (and will not be subject to STC) where:

- The entire share capital is held by non-residents or trusts;
- Any indirect interests of residents or of any trust in the equity share capital does not exceed 5% in aggregate of the total equity share capital of the company; and

- 90% or more of the value of the assets of the company are in the equity share capital and loan capital of subsidiary companies, which companies are not themselves resident in South Africa and in which the headquarter company holds at least 50% of the shares in issue.

Foreign branches of South African companies

The taxable income of foreign branches will be subject to South African income tax unless taxed in a designated country at a rate of 27% or more.

Losses in foreign branches cannot be off-set against income from a South African source with effect from years of assessment commencing on or after 1 January 2001 and must be carried forward for off-set against foreign sourced income in the following years.

Controlled foreign entities (CFE)

A controlled foreign entity includes any foreign entity in which residents hold more than 50% of the participation rights or votes or control of the entity.
South African residents must impute all income of a CFE in the same ratio as the participation rights of the resident in such CFE, subject to a number of exclusions.

Foreign tax credits

A resident is allowed to deduct all foreign taxes paid in respect of foreign income included in his or her taxable income from the tax payable in the Republic on the total amount of such income. Any excess credits may be carried forward.

TAX EXEMPTIONS FOR CHARITIES

Section 10 of the Income Tax Act, which provides for the income of various bodies and persons to be exempt from income tax, has been extensively amended with the result that numerous entities which have been carrying on charitable, educational, religious and other non-profit activities on a tax exempt basis must now re-apply for exemption by 14 July 2002. These bodies and any new entities wishing to conduct similar activities, will have to be approved as Public Benefit Organisations (PBO) and comply with certain provisions, the most important of which are :

- The sole object of the entity must be to carry on one or more public benefit activities falling into 10 categories including the activities which would be carried on by :
  - Schools
  - Churches
  - Retirement Homes
  - Conservation, environment and animal welfare bodies
  - Charitable trusts for funding PBO's.
  - Sporting associations/amateur sports federations
  - Research bodies funded primarily by donations
- Substantially the whole of the activity must be carried out in the RSA.
- The Management Committee must comprise at least 3 persons who are not connected persons.
- No excessive remuneration and no profits may be distributed to any person.
- The PBO must register with the Department of Welfare as a Non-Profit Organisation.
- If the PBO is approved in terms of Section 18A as a body, donations to which are tax deductible by the donor, 75% of its tax deductible donations must be applied for its activities within 12 months from the financial year in which they are received.

- The PBO may not carry on any trade or business unless:
  - the gross income thereof does not exceed the greater of 15% of its gross receipts or R25 000, or
  - the activity is related to the main object of the PBO and is carried out on a cost recovery rather than a profit making basis, or
  - the activity is of an occasional nature and undertaken mainly by unpaid volunteers, or
  - the activity is approved by SARS.

VALUE ADDED TAX (VAT)

VAT is levied on the supply of most goods and services at a rate of 14%, the major exceptions of which are as follows:

Exempt Supplies

- Rental of residential accommodation
- Educational services
- Local passenger transport
- Trade union contributions
- Share block and body corporate levies
- Certain financial services

Zero Rated Supplies

- The sale of a going concern to a VAT vendor
- Petrol sales
- Certain basic foodstuffs
- Certain goods to be used for farming purposes
- Exported goods and services, subject to prescribed requirements
- Services rendered outside South Africa
- International transportation and related services

Essential Features

- Enterprises with a turnover of less than R300 000 are not obliged to register for VAT.
- Enterprises with a turnover of less than R20 000 are not permitted to register for VAT.
- VAT returns are generally submitted every two months unless turnover exceeds R30 000 000 in which case returns are submitted monthly. Farmers may submit VAT returns on a six monthly basis.
- VAT returns may be submitted on an annual basis if certain requirements are met.
- Vendors may reclaim the VAT element of all expenditure except on:
  - Entertainment;
  - Passenger vehicles (including hiring) and;
  - Club subscriptions.
- Input credits may not be claimed on expenditure relating to exempt supplies.
- Input credits may only be claimed upon receipt of a valid tax invoice.
- Deemed inputs claimed on property transactions are limited to transfer duty paid on all transactions.
- All fee based financial services (with the exception of certain premiums on life policies and contributions to retirement funds) are subject to VAT with effect from 1 October 1996.
- Only natural persons may account for VAT on the payments basis.

ESTATE DUTY

The general rule is that if the deceased is ordinarily resident in the Republic at the time of death, all of his assets, wherever they are situated, will be included in the gross value of his estate for the determination of duty payable thereon. The dutiable amount is arrived at as follows:

Value of all property at date of death	R	....
(including limited interests such as usufructs, and off-shore assets)		....
Deemed property *	R	....
Gross value of property	R	....
Deductions*	R	....
Net value of estate	R	....
Abatement	R	(1 500 000)
Dutiable estate (A)	R	....
Estate Duty 20% of (A)	R	....

- * Deemed property includes: certain insurance policies on the life of the deceased as well as any accrual claim the deceased's estate may have against a surviving spouse.
- * The most important deductions are:
  - Funeral expenses and administration costs
  - Debts due at date of death
  - Capital Gains Tax (Death is a CGT event)
  - Bequests to approved charities
  - Value of property and deemed property bequeathed or otherwise passing to a surviving spouse.

There is relief from Estate Duty in the case of the same property being included in the estates of taxpayers dying within 10 years of each other. The deduction is calculated on a sliding scale varying from 100% where the taxpayers die within 2 years of each other to 20% where the deaths are between 8 and 10 years of each other.

Assets located in South Africa attract Estate Duty no matter where the owner was resident at the time of his death.

South Africa has entered into reciprocal agreements with various countries (eg United Kingdom, Canada) for the avoidance of double estate duty being payable in respect of the same property.

Rates

Estate duty is payable at a flat rate of 20% on the dutiable amount, in respect of persons who died on or after 1 October 2001 (25% if death occurred prior to 1 October 2001).

DONATIONS TAX

Donations Tax is payable by any individual ordinarily resident in the Republic of South Africa, or any South African company or one managed or controlled in the Republic, on the value of any gratuitous disposal of property including the disposal of property for inadequate consideration and the renunciation of rights. A donation is also a disposal for Capital Gains Tax purposes.

PRINCIPAL EXEMPTIONS

1. Donations between husband and wife;
2. Donations to approved PBO's;
3. The donation of assets outside the Republic, subject to certain conditions;
4. Casual donations up to R10 000 per year by donors other than natural persons;
5. Donations by natural persons not exceeding R30 000 per year; and
6. Bona fide maintenance payments.

RATES OF DONATIONS TAX

Donations tax is payable within 3 months after the donation at a flat rate of 20% on all donations made. The rate of 20% is effective in respect of all donations made on or after 1 October 2001.

MARKETABLE SECURITIES TAX

	R	**%**
a. Increase in authorised share capital		
For every R1 000 or part thereof	5,00	0,5
b. Original issue of shares (includes share premium)		
For every R20 or part thereof		
- transferable by registration	0,05	0,25
- transferable by delivery/ bearer document	0,20	1,00
c. Registration of transfer (includes share premium)		
For every R10 or part thereof of the consideration	0,025	0,25

STAMP DUTY

Leases of Immovable Property

For every R100 or part thereof of aggregate rent and other consideration:

	R	%
Where the lease period does not exceed 5 years	0,25	0,25
For a period exceeding 5 but not exceeding 10 years	0,40	0,40
For a period exceeding 10 but not exceeding 20 years	0,55	0,55
For a period exceeding 20 years	0,70	0,70

Credit Agreements and Financial Leases

Where the amount payable under the instrument in respect of the goods, wares or merchandise (including any interest and finance charges or other charges):

	R	%
does not exceed R5 000	2,00	-
exceeds R5 000, but does exceeds R10 000	4,00	-
exceeds R10 000, but does not exceed R20 000,	8,00	-
exceeds R20 000, but does not exceed R40 000	16,00	-
exceeds R40 000, but does not exceed R60 000	24,00	-
exceeds R60 000, but does not exceed R80 000	32,00	-
exceeds R80 000, but does not exceed R100 000	40,00	-
exceeds R100 000, but does not exceed R130 000	50,00	-
exceeds R130 000, but does not exceed R150 000	60,00	-
exceeds R150 000, but does not exceed R180 000	70,00	-
exceeds R180 000, but does not exceed R200 000	80,00	-
exceeds R200 000	100,00	-

Other	**R**	**%**
Debit entries posted to bank or credit card accounts	0,20	-
Bills of exchange (other than a cheque) or any promissory note for every R100 or part thereof	0,05	0,05
Customs and excise documents - on each original bill or document of entry or document in lieu thereof	1,00	-
Mortgage bonds - for every R100 or part thereof of the consideration	0,20	0,20
Security or suretyship in respect of any money debt		
- for every R100 or part thereof secured (max R20)	0,05	0,05
- if no amount stated	20,00	-
Security, pledge, suretyship, indemnity or guarantee in respect of any other matter	2,00	-

Transfer duty on Immovable Property

a. Companies and close corporations	
On purchase consideration	10%
b. Natural persons	
On first R100 000 of purchase price	0%
R100 001 to R300 000	5%
R300 000 and above	R10 000 + 8% (*on value above* R300 000)

No duty is payable on building stands for residential purposes costing not more than R30 000 or a dwelling costing not more than R70 000.

REGIONAL SERVICES COUNCILS LEVIES

In terms of the Regional Services Councils Act several geographical areas have been demarcated for Regional Services Councils and two forms of levies are payable to these councils:

1. **The Regional Services Levy -** this is a form of pay roll tax calculated on the remuneration paid to employees and drawings taken by partners and sole traders.
2. **The Regional Establishment Levy -** this is a form of turnover tax payable on gross income from sales (excluding VAT), rental, services and certain investments.

A person who carries on an enterprise or is deemed to be carrying on such an enterprise is liable for the payment of levies.

Certain exemptions exist for both levies, and the regulations also provide for an apportionment where an enterprise is carried out both within and outside a region.

Skills Development Act.

The purposes of the Act are to develop the skills of the workforce, improve quality of life of workers, and improve productivity and to improve self-employment. Further to encourage the employers to use the workplace as an active learning environment and to encourage workers to participate in learnership.
If employers are up to date with their payment of skills levies can they claim skills grants from their SETA.

Skills Development Levies Act.

Every employer must pay a skills development levy from-

- 1 April 2000, at 0.5% of the leviable amount; and
- 1 April 2001, at 1% of the leviable amount.

The leviable amount is the total amount of remuneration paid or payable by an employer to its employees. Payments are made on the seventh day after each month-end to the Commissioner.

COMPARATIVE TABLE OF TAXES PAYABLE IN CERTAIN SOUTHERN AFRICAN STATES

	South Africa	Zambia	Botswana	Lesotho	Namibia	Swaziland	Zimbabwe
COMPANY TAX							
Normal non-mining, local	15/30%	35%	15%	35%	35%	30%	30% + AIDS levy 3%
Surcharge	—	—	10%	—	—	—	—
	30%	35%	25%	35%	35%	37,5%	30%
INDIVIDUAL TAX							
Maximum rate	42%	30%	25%	35% Non-res 25%	36%	33%	52%
Level of taxable income at which maximum rate applies (married)	R215 000	ZMK1 800 000	P100 000	M30 000	N$200 000	E36 000	Z$840 000 + AIDS levy 3%
OTHER TAXES							
Distributed Profits Tax (STC)	12,5%	—	—	—	—	—	—
CGT	10,5/15%	—	25%	—	—	—	20%
VAT	14%	17,5%	—	—	—	—	—
GST	—	—	10%	10%	15%/30%	14%/20%	15%/25%
NRST	—	15%	15%	25%	10%	15%	15%/20%
NRTI	—	15%	15%	25%	—	10%	10%
Royalty tax	12%	—	15%	25%	10,5%	—	20%

The above table has been compiled from information supplied and is subject to confirmation.

EXCHANGE CONTROL

Set out below are some of the important aspects of the Exchange Control Regulations currently in force.

South African Residents

The following amounts may be converted into foreign currency:

Travel facilities

- R140 000 per calendar year per person of twelve years and older;
- R45 000 per calendar year per child under 12 years.

These amounts may be exceeded, but only with Reserve Bank approval.

Travellers are permitted to export up to R5 000 in South African Reserve Bank notes.

Foreign investment by South African Residents

Natural persons

Private individuals over the age of 18 years are permitted to invest an amount of R750 000 outside the Republic. A tax clearance certificate must be obtained from the South African Revenue Services prior to the transfer of funds.

Corporate Entities

Requests to invest overseas are considered on merit. The investor must be able to motivate that the investment will result in a longer term benefit to the RSA economy. Similarly, major corporates may apply to establish primary listings offshore.

Institutional investors

Long term insurers, pension funds, unit trusts and fund managers may invest a portion of the assets offshore, based on total assets under management and as a percentage of net in flow of funds during a year.

S A Residents temporarily living abroad

Such persons qualify for:

- standard travel facility;
- exportation of household goods and personal effects; and
- motor vehicles with a maximum insured value of R1 million.

Study facilities

Foreign exchange study facilities are restricted to permanent residents of the RSA who are full-time students at recognised educational institutions abroad. The facilities comprise:

- Full amount of tuition fees and academic fees transferred direct to the institution concerned;
- R140 000 living allowance per year for single students;
- R280 000 living allowance per year for a student accompanied by a spouse; and
- R45 000 per person per year is allowed as a vacation travelling allowance.

Gifts

South African residents may transfer monetary gifts not exceeding R10 000 per calendar year to persons normally resident outside the Common Monetary Area.

Alimony and Maintenance transfers

Authorised dealers may permit alimony transfers to non-residents on presentation of a court order.

Residents of the Republic may transfer an amount of up to R7 000 per month to receiving family unit who is permanently resident overseas and who is in necessitous circumstances.

Royalties and Licence fees

Agreements by South African companies to pay royalties, licence and patent fees to non-residents in respect of the local manufacturing of a product are subject to the approval from the Department of Trade and Industry.

Agreements by South African companies to pay royalties, licences and patent fees to non-residents where no local manufacturing is involved, are subject to the approval of Exchange Control.

NON-RESIDENTS

Capital transactions

Proceeds from the sale of assets in South Africa, owned by non-residents (excluding emigrants), may be remitted abroad.

Dividends
Dividends declared by companies out of income earned are remittable to non-resident shareholders (being companies, entities or persons that have never been resident in the Republic of South Africa).

Directors' fees
Authorised dealers may transfer directors' fees to non-resident directors permanently domiciled outside South Africa.

Management and administration fees
Request for payment of management and administration fees are considered by Exchange Control on merit, taking into account reason for the fees, nature of the services and the basis of calculation.

EMIGRANTS FROM SOUTH AFRICA

Emigrants qualify for:
- cash allowance
- settling-in allowance
- exportation of certain items

Cash allowance
Emigrants qualify for a cash allowance equal to the annual travel facility available to South African residents.

Settling-in allowance
- R200 000 per single person; or
- R400 000 per family unit.

Exportation of goods
- A value of up to R1 million for household and personal effects and motor vehicles.

These goods, other than clothing, must have been in the emigrant's possession for at least one year prior to emigration.

Further regulations
- Foreign assets held by an emigrant are not deducted from the settling-in allowance;
- Insurance policies, quoted securities and gold coins may be transferred with Reserve Bank approval as part of the settling-in allowance; and
- Emigrants must declare whether any assets were received as donations or gifts within the last three years or as capital distributions from inter vivos trusts within the last five years, prior to the date of emigration.

Blocked Funds

Assets of an emigrant in excess of the above allowances remain blocked in South Africa. They must be brought under the control of an authorised dealer and may be released for payment of *inter alia*:

- Airfare to emigrant’s new country of residence and any return visits;
- Expenditure related to emigration (eg packing and removal expenses);
- Living expenses on return visits to South Africa at the rate of R3 000 per day (R1 500 per day for children under 12 years) subject to a maximum of R75 000 per family unit per calendar year;
- Professional fees to resident accountants, income tax consultants and attorneys in respect of the emigrant’s local affairs;
- Tuition and boarding fees in respect of children who have remained behind in the Republic to complete their education;
- Premiums on long-term insurance policies;
- Membership subscriptions due to local clubs, medical and professional societies; and
- Hospital, doctors’ and dentists’ fees for medical/dental attention received while visiting South Africa.

Blocked assets may be invested in:

- listed SA securities;
- unit trust certificates;
- deposits, call or current account with authorised dealers; and
- government, local authority, municipal and public utility stocks.

The following income from a South African Source may be remitted to emigrants:

- Interest and profits;
- Income distributions/dividends from close corporations and companies paid out of profits earned since emigration;
- Director fees;
- Monthly pension payment from registered funds;
- Annuities from retirement annuity policies, provided the policy was initiated more than five years prior to emigration;
- Rentals from fixed property;
- Cash bonuses on insurance policies;
- Income from testamentary trusts; and

- Income from inter vivos trusts.

Up to R100 000 p.a. in respect of gifts, donations and maintenance to third parties resident in RSA.

Distributions from Estates

Estates of non-residents (including emigrants)

Cash bequests and legacies may be transferred on death provided the deceased bequeathed the assets to a non-resident/emigrant.

Estates of permanent residents

Cash bequests and the cash proceeds of legacies and distributions due to beneficiaries may be remitted abroad.

Restrictions on local borrowings for Income Tax purposes

Non-resident wholly owned subsidiaries may borrow locally up to 100% of their total effective capital (usually comprising share capital, share premium, reserves, retained income and shareholders' loans). Foreign controlled entities become subject to local borrowing limits at a non-resident ownership level of 75%.

Interest on amounts borrowed in excess of these limits may be disallowed by South African Revenue Services.

Local participation in non-resident controlled companies increases the ability to borrow locally. The formula applied to the "effective capital" in calculating the permitted local borrowings is:-

Local Borrowings Percentage =

$$100\% + \frac{\text{South African Interest} \times 100\%}{\text{Non-Resident Interest}}$$

For example: if a company has a 25% South African participation and 75% non-resident shareholders, the ratio to be employed in calculating its financial assistance limit would be:

$$100\% + \left(\frac{25}{75} \times 100\%\right) = 100 + 33\tfrac{1}{3}\%$$

= 133% (of effective capital)

PRIME BANK OVERDRAFT RATES

Effective date	Rate
08.10.01	13.00%
16.07.01	13,50%
18.06.01	13,75%
14.01.00	14.50%
04.10.99	15.50%
02.08.99	16.50%
19.07.99	17.00%
14.07.99	17.50%
25.06.99	18.00%
19.04.99	19.00%
09.03.99	20.00%
13.02.99	21.00%
08.01.99	22.00%
07.12.98	23.00%
09.11.98	23.50%
19.10.98	24.50%
28.08.98	25.50%
14.07.98	24.00%
04.07.98	23.25%
01.07.98	22.25%
25.06.98	20.25%
20.06.98	21.25%
17.06.98	20.25%
09.03.98	18.25%
21.10.97	19.25%
21.11.96	20.25%
01.10.96	19.25%
01.07.96	19.50%
20.05.96	20.50%
24.04.96	19.50%
03.07.95	18.50%

The above details relate to prime overdraft rates charged by Nedbank Ltd. The effective date may differ slightly at other banks.

BOND REDEMPTION TABLE
Monthly repayments to redeem a mortgage
Bond of R1 000

Interest rate % p.a.

Yrs	10%	11%	12%	13%	14%	15%	16%
1	87.92	88.38	88.85	89.32	89.79	90.26	90.73
2	46.14	46.61	47.07	47.54	48.01	48.49	48.96
3	32.27	32.74	33.21	33.69	34.18	34.67	35.16
4	25.36	25.85	26.33	26.83	27.33	27.83	28.34
5	21.25	21.75	22.24	22.75	23.27	23.79	24.32
6	18.53	19.03	19.55	20.07	20.61	21.15	21.69
7	16.60	17.12	17.65	18.19	18.74	19.30	19.86
8	15.17	15.71	16.25	16.81	17.37	17.95	18.53
9	14.08	14.63	15.18	15.75	16.33	16.92	17.53
10	13.22	13.78	14.35	14.93	15.53	16.13	16.75
11	12.52	13.09	13.68	14.28	14.89	15.51	16.14
12	11.95	12.54	13.13	13.75	14.37	15.01	15.66
13	11.48	12.08	12.69	13.31	13.95	14.60	15.27
14	11.08	11.69	12.31	12.95	13.60	14.27	14.95
15	10.75	11.37	12.00	12.65	13.32	14.00	14.69
16	10.46	11.09	11.74	12.40	13.08	13.77	14.47
17	10.21	10.85	11.51	12.19	12.89	13.58	14.29
18	10.00	10.65	11.32	12.00	12.70	13.42	14.14
19	9.81	10.47	11.15	11.85	12.56	13.28	14.02
20	9.65	10.32	11.01	11.72	12.44	13.17	13.91
21	9.51	10.19	10.89	11.60	12.33	13.07	13.82
22	9.38	10.07	10.78	11.50	12.24	12.99	13.75
23	9.27	9.97	10.69	11.42	12.16	12.92	13.69
24	9.17	9.88	10.60	11.34	12.10	12.86	13.63
25	9.09	9.80	10.53	11.28	12.04	12.81	13.59
26	9.01	9.73	10.47	11.22	11.99	12.76	13.55
27	8.94	9.67	10.41	11.17	11.95	12.73	13.52
28	8.88	9.61	10.37	11.13	11.91	12.70	13.49
29	8.82	9.57	10.32	11.09	11.88	12.67	13.47
30	8.78	9.52	10.29	11.06	11.85	12.64	13.45

Example:
To calculate the monthly repayment on a R400 000 bond over 20 years at 13% p.a.

$$= \frac{400\ 000}{1\ 000} \text{ X } 11{,}72$$

$$= \text{R}4\ 688{,}00$$

RETENTION OF RECORDS

Set out below is a summary of recommended retention periods

	Retention Period (years)	
	Originals	*Originals if microfilmed*
Accounting records		
Books of prime entry		
• Cash books, creditors ledgers, debtors ledgers, fixed asset registers, general ledgers, journals, petty cash books, purchase journals, sales journals, subsidiary journals and ledgers, as well as supporting schedules to such books of account, etc.	15	5
• Vouchers, working papers, bank statements, costing records, creditors invoices and statements, debtors invoices and statements, goods received notes, journal vouchers, payrolls, purchase orders and invoices, railage documents, salary and wage registers, sales tax records, tax returns and assessments, etc.	5	
Employee records		
• Expense accounts, payrolls, employee tax returns, etc.	5	
Statutory and share registration records		
• Annual returns, certificates of change of name, incorporation and to commence business, founding statements, amended founding statements, memorandum and articles of association, Minute books, notices of meetings, etc.	Indefinitely	
• Branch registers, registers of directors attendance, debenture holders, directors and officers, directors' interests, members and pledges and bonds, etc.	15	
• Cancelled share transfer forms.	12	

	Retention Period (years) Originals	Originals if microfilmed
Other documents		
Customs & Excise Act		
• Documentation for export incentive scheme claim.	5	
Compensation for Occupational Injuries and Diseases Act		
• Records of wages paid, time worked and payment for piece work and overtime, and of any particulars prescribed for at least 4 years after the date of last entry in those records.	4	
Insolvency Act		
• The insolvent's record of his transactions should be kept for not less than 3 years.	3	
Occupational Health and Safety Act		
• The following records must be kept in terms of OHSA Act: A copy of the Act (if there are more than 19 employees)		
- An incident register	5	
- Certificate of compliance		
- First Aid certificate (valid for 3 years).		
Value Added Tax Act		
• Books of account, recording the supply of goods to or by the vendor; invoices; tax invoices, credit and debit notes; bank statements; deposit slips; stock lists and paid cheques.	5	
Information in book form - 5 years from last entry. Computerised records must be kept in printout form, not just on disk or tape.		
Capital Gains Tax		
All records pertaining to capital transactions		
- Where a taxpayer was never required to register.	5	
- Where a taxpayer determined a taxable gain or assessed capital loss, the retention period starts from the date on which the Commissioner received the return.	4	

TAX TIMETABLE FOR 2002

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Provisional tax:												
Provisional tax - individuals		28 (2nd)						30 (1st)	30 (3rd)			
Provisional tax - trusts		28 (2nd)						30 (1st)	30 (3rd)			
Provisional tax companies & CC's												
- December year end						21 (1st/3rd)						31 (2nd)
- January year end	31 (2nd)						31 (2nd)					
- February year end		28 (2nd)						30 (1st)	30 (3rd)			
- March year end			28 (2nd)						30 (1st/3rd)			
- May year end					31 (2nd)						29 (1st/3rd)	
- June year end						28 (2nd)						31 (1st/3rd)
- July year end	31 (1st/3rd)						31 (2nd)					
- August year end		28 (1st/3rd)						30 (2nd)				
- September year end			28 (1st/3rd)						30 (2nd)			
- November year end					31 (1st/3rd)						29 (2nd)	
PAYE	7	7	7	5	7	7	5	7	6	7	7	6
VAT	25	25	25	25	24	25	25	23	25	25	25	24
RSC levies	18	20	20	19	20	20	19	20	20	18	20	20
UIF	10	8	8	10	10	10	10	8	10	10	8	10
STC	By the last business day of the month following the month in which the dividend accrues											
Withholding tax on royalties	Within 14 days of month end i.e. the last Friday within the 14-day period, in which royalty liability was incurred											
Tax returns (without extension):												
Individuals and trusts						7						
Comapnies and CC's												
- December year end		28										
- February year end				30								
- June year end									30			
IRP5 certificates - issue date				30								
IRP5 certificates - reconciliation date				30								