Turnover Tax for Micro Businesses

Taxable Income (R)	*Rates of tax (%)**
0 – 335 000	0%
335 001 – 500 000	1% of amount over 335 000
500 001 – 750 000	1 650 + 2% of amount over 500 000
750 001 and above	6 650 + 3% of amount over 750 000

** Rate changes effective for years of assessment ending between 1 March 2021 and 28 February 2022 .*

Micro Business is defined as a business with a qualifying turnover that does not exceed R1m for a year of assessment and, which is not specifically disqualified from making use of the turnover tax.

The first R200 000 dividends paid during a tax year by the Micro Business is exempt from Dividends Tax.

OTHER TAXES

Skills Development Levies (SDL)

- All employers paying annual remuneration of less than R500 000 will be exempt from SDL.

Employment Tax Incentive (ETI)

- Employers of qualifying employees (i.e. aged between 18 and 29) may be eligible for a rebate/refund of employee's tax.

Unemployment Insurance Fund Contributions (UIF)

- UIF is payable monthly by employers, 1% by employers and 1% by employees, based on employees' remuneration below a certain amount.
- Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

Value-Added Tax (VAT)

Standard-rated supplies	15%
Zero-rated supplies	0%
Exempt supplies	Exempt
Turnover level for VAT registration	Compulsory after R1m p.a. achieved/likely to be achieved. Voluntary minimum of R50 000 p.a.

Estate duty

- Levied at a rate of 20% on the first R30m while 25% above R30m
- Applies to all property of SA residents and SA property of non-residents.
- Primary abatement of R3,5m (R7m for a married couple)
- In addition, specific deductions, inter alia funeral and death bed expenses, debts due, administration charges, bequests to any public benefit organisation which is exempt from tax and bequests and property left to a surviving spouse, are allowable.

Transfer duty

Payable on the purchase of property or shares/contingent rights in residential property owning companies/trusts not subject to VAT at the following rates:

By all persons on or after 01/03/2017:

Value of Property (R)	*Rates of tax (%)*
0 - 1 000 000	0%
1 000 001 - 1 375 000	3% of amount above 1 000 000
1 375 001 - 1 925 000	11 250 + 6% of amount above 1 375 000
1 925 001 - 2 475 000	44 250 + 8% of amount above 1 925 000
2 475 001 - 11 000 000	88 250 + 11% of amount above 2 475 000
11 000 001 and above	1 026 000 + 13% of amount above 11 000 000

Donations tax

- Levied at a flat rate of 20%
- Exemptions:
  - R100 000 per annum donated by natural persons
  - R10 000 per annum in case of person who is not a natural person
  - Donations between spouses and to certain public benefit organisations.

RETIREMENT FUND LUMP SUM WITHDRAWAL BENEFITS

Taxable Income (R)	*Rates of tax (%)*
0 - 25 000	0%
25 001 - 660 000	18% of amount above R25 000
660 001 - 990 000	114 300 + 27% of amount above R660 000
990 001 and above	203 400 + 36% of amount above R990 000

RETIREMENT FUND LUMP SUM BENEFITS - RETIREMENT/RETRENCHMENT

Taxable Income (R)	*Rates of tax (%)*
0 - 500 000	0%
500 001 - 700 000	18% of amount above 500 000
700 001 - 1 050 000	36 000 + 27% of amount above 700 000
1 050 001 and above	130 500 + 36% of amount above 1 050 000

Note: *Taxable income is cumulative and includes all lump sum payments whether on retirement (after 1 October 2007) or withdrawal (after 1 March 2009) or a severance benefit (after 1 March 2011).*

SECURITIES TRANSFER TAX

Tax levied at a rate of 0,25% on the transfer of listed or unlisted securities, consisting of shares in companies or member's interest in close corporations.

EXCHANGE CONTROL

Single discretionary allowance (including travel)

- R1m per calendar year

Foreign capital allowance – Residents/Emigrants

- R10m per calendar year for individuals (limited to R10m per family unit).
- R20m per family unit in calendar year of emigration and subsequent years. Excess subject to application.

INTEREST RATES

Prime bank overdraft rates as at 28 February 2021

Date of change	*Rate p.a.*
2020/07/24 to date	7.00%
2020/05/22 – 2020/07/23	7.25%
2020/04/15 – 2020/05/21	7.25%
2020/03/20 – 2020/04/14	8.75%

SARS prescribed rates of interest as at 28 February 2021

Fringe benefits – interest free or low-interest loans	4.75% per annum
Late or under payments of tax	9.75% per annum
Refunds of overpayments of provisional tax	5.75% per annum
Refunds of tax upon successful appeal	9.75% per annum
Late payments of VAT	9.75% per annum
Refund of VAT after prescribed period	9.75% per annum
Customs and Excise	9.75% per annum

COVID-19 TAX AND DEBT RELIEF MEASURES

Please visit our Covid-19 page on our website at www.mdacc.co.za for all the information you may need.

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(issued 28 February 2021)

TAX TABLES

Year of assessment ending 28 February 2022

Individuals, Deceased Estates and qualifying Trusts

Taxable Income (R)	Rates of tax (%)	
0 – 216 200	18%	of each R1
206 201 – 337 800	38 916 + 26%	of amount over 216 200
337 801 – 467 500	70 532 + 31%	of amount over 337 800
467 501 – 613 600	110 739 + 36%	of amount over 467 500
613 601 – 782 200	163 335 + 39%	of amount over 613 600
782 201 – 1 656 600	229 089 + 41%	of amount over 782 200
1 656 601 and above	587 593 + 45%	of amount over 1 656 600

Trusts other than special trusts - Rate of tax **45%**

Rebates

	2022	2021
	R	R
Primary	15 714	14 958
Secondary - 65 and older	8 613	8 199
Tertiary - 75 and older	2 871	2 736

Threshold at which tax liability commences

	2022	2021
	R	R
• Below 65	87 300	83 100
• 65 and older	135 150	128 650
• 75 and older	151 100	143 850

EXEMPTIONS

Interest

- R23 800 per taxpayer on interest and foreign dividends.
- R34 500 per taxpayer 65 and older.
- Interest is exempt where earned by non-residents who are absent from SA for 182 days or more per annum and who are not carrying on business in SA.
- With effect from 01/03/2015, interest paid to non-residents may be subject to Withholding Tax (WHT) at 15%.

Dividends – local and foreign

- With effect from 22/02/2017 most dividends received by local residents from SA resident companies are subject to withholding tax of 20%.
- Foreign dividends received by individuals are taxable at a maximum effective rate of 20% where less than 10% of equity held in the foreign entity.
- No deductions are allowed for expenditure to produce foreign dividends
- With effect from 01/03/2012, if a SA resident holds more than 10% of the equity share capital in the foreign company declaring the dividend, any foreign dividends received by the resident will be exempt from tax.

CAPITAL GAINS TAX (CGT)

- Only gains accruing after 01/10/2001 on the disposal of assets, death, donation, exchange, loss or emigration are subject to CGT, subject to certain exemptions.
- The first R40 000 per annum of the capital gain or loss realised by individuals and special trusts is exempt from CGT or R300 000 in the year of death.
- Withholding tax for non-residents on sale of SA immovable property costing >R2m: 7.5% for natural persons, 10% for companies and 15% for trusts.
- If proceeds from sale of primary residence is R2m or less it is exempt; else exemption of R2m of the capital gain will apply to primary residence disposals if less than 2 hectares.
- Small business assets (persons over age 55 and market value of assets not more than R10 million): R1.8 million

Taxpayer	Inclusion rate (%)	Effective (%)
Individuals	40	18.0
Trusts	80	36.0
Companies	80	22.4

Tax-free investments

- With effect from 01/03/2015 amounts received by or accrued to an individual invested in prescribed investments/policies will be exempt. Contributions are subject to R36 000 annual and R500 000 lifetime limit.

Foreign remuneration exemption:

SA resident employees who render services for any employer outside RSA for a period exceeding 183 days during a period of assessment, and for a continuous period exceeding 60 days during such 183 day period, will be liable for income tax on their remuneration for that period subject to an exemption. From 01/03/2020 the exemption will be limited to R1.25m per year.

PROVISIONAL TAX

The following individuals are not required to register for provisional tax purposes:

- No income derived from the carrying on of business.
- Taxable income will not exceed the tax threshold; or
- Taxable income derived from interest, foreign dividends and rental will not exceed R30 000.
- Deceased estates are not provisional taxpayers.

DEDUCTIONS AND TAX CREDITS

Pension, Retirement and Provident Fund contributions

With effect from 01/03/2016, the deduction of the total contributions is limited to 27.5% of the **greater** of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sum and severance benefits). This deduction is limited to a maximum of R350 000 per annum.

All employer contributions towards these funds are taxed as a fringe benefit and treated as contributions paid to the fund by the employee.

Any contributions in excess of the annual limitations are carried forward to the following tax year. Any excess is further reduced by contributions set-off when determining taxable retirement fund lump sums or retirement annuities.

Medical and disability expenses

- **Medical scheme fees tax credit:**
  Monthly credit of R332 (2021: R319) each for the taxpayer and his/her spouse (or first dependant), and a further R224 (2021: R215) for every additional dependant.
- **Additional medical expenses tax credit:**

Under 65 years with no disability
- 25% of medical scheme contributions in excess of four times the medical scheme fees tax credit, and
- 25% of any other qualifying medical expenses in excess of 7,5% of taxable income (excluding certain lumpsums).

Under 65 years with disability or 65 years and older
- 33,3% of medical scheme contributions in excess of three times the medical scheme fees tax credit, and
- 33,3% of other qualifying medical expenses.

Donations

Donations to certain public benefit organisations are limited to 10% of taxable income before deducting medical expenses. With effect from 01/03/2013, any excess may be carried forward to the following year of assessment. The claim must be supported by a Section 18A certificate issued by the public benefit organization.

LIMITATION OF EMPLOYEE DEDUCTIONS

- Losses from secondary trades, incurred by individuals whose income exceeds R1 656 600 per annum, are ring-fenced in certain circumstances.

VARIABLE REMUNERATION

- With effect from 01/03/2013, variable remuneration (i.e. commission, overtime, bonuses, reimbursive travel and leave pay) is accounted for on a payments basis – this applies to the deductions for PAYE, inclusion of employee's gross income and the employer's income tax deduction.

FRINGE BENEFITS

Interest-free or low-interest loans

The difference between interest at the official rate and the actual amount of interest charged. The current official rate of interest is 4.50% per annum (4.75% from 01/06/2020 - 31/07/2020; 5.25% from 01/05/2020 - 31/05/2020; 6.25% from 01/04/2020 - 30/04/2020); 7.25% 01/03/2020 - 31/03/2020)

Subsistence allowance

Where the employee is by reason of his duties obliged to spend at least one night away from his usual place of residence, the employee is deemed to have expended:
- R139 (2021: R139) per day if the allowance or advance is granted to pay for incidental costs only, or
- R452 (2021: R452) per day if the allowance or advance is granted to pay for the cost of meals and incidental costs, or
- Where the allowance or advance is granted to pay for incidental costs only for travel outside the Republic (not exceeding six weeks) the applicable country's rate per day must be used.

Travel allowance

Deemed expenditure rates, which may be used in determining the allowable deduction for business travel, where actual costs are not used, are as follows:

Value of the vehicle (including VAT) (R)	Fixed cost R	Fuel cost c/km	Maintenance cost c/km
0 - 95 000	29 504	104.1	38.6
95 001 - 190 000	52 226	116.2	48.3
190 001 - 285 000	75 039	126.3	53.2
285 001 - 380 000	94 871	135.8	58.1
380 001 - 475 000	114 781	145.3	68.3
475 001 - 570 000	135 746	166.7	80.2
570 001 - 665 000	156 711	172.4	99.6
Exceeding 665 000	156 711	172.4	99.6

Notes:

- The fixed cost is reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.
- A logbook must be maintained to substantiate the actual mileage and business mileage travelled for the year to claim against a travel allowance received.
- No employees' tax is payable on a reimbursive allowance paid by an employer to an employee, where the employee does not receive a travel allowance, provided the distance travelled is for business purposes and the rate per km does not exceed 382 cents per km.

80% of the fringe benefit or travel allowance is subject to PAYE on a monthly basis. If the employer is satisfied that at least 80% of the use of the motor vehicle in the tax year is for business, the percentage is reduced to 20%.

Company car

- Tax at 3,5% per month (3,25% per month where maintenance plan) on determined value (cash cost including VAT).
- A logbook must be maintained to substantiate the actual and business mileage travelled for the year, to reduce the fringe benefit on assessment.
- If the employee has borne the cost of licence, insurance, maintenance and fuel for private travel and the private distance travelled is substantiated by a logbook, further relief is available on assessment.

COMPANIES

Corporate Tax Rate

Entity	2022
• Companies	28%
• Small Business Corporations:	
0 – 87 300	0%
87 301 – 365 000	7% of taxable income above 87 300
365 001 – 550 000	19 439 + 21% of taxable income above 365 000
550 001 and above	58 289 + 28% of taxable income above 550 000

** Rate changes effective for years of assessment ending between 1 April 2021 and 31 March 2022*

Small Business Corporations (SBC):
- From 01/04/2013, the turnover limit is R20m.
- Depreciation write-off at 50:30:20% rate for all depreciable assets.
- Manufacturing assets immediate 100% write-off.
- SBC's include personal services entities, provided that the business maintains at least 3 full-time employees for core operations.

Dividends Tax
- Secondary Tax on Companies (STC) was replaced by Dividends Tax on 01/04/2012. Any unutilised STC credits expired on 31/05/2015.
- Dividends Tax is imposed at 20% on dividends declared and paid by resident companies and certain non-resident companies.
- To be withheld by companies paying the taxable dividend or by regulated intermediaries (i.e. listed shares) - certain exemptions apply.

Wear and tear allowances
- Any asset costing less than R7 000 excl. VAT may be written off in full in the year of acquisition where purchased on or after 01/03/2009.
- CGT and income tax recoupment relief if sale proceeds of movable depreciable business assets reinvested in other movable assets within 12 months.