

IAPA JOHANNESBURG-JANUARY 2020 NEWSLETTER

- **GREAT BUSINESS QUOTES**

- “Success is not final, failure is not fatal: it is the courage to continue that counts”-Winston
- “Play by the rules, but be ferocious.”- Phil Knight
- “Business opportunities are like buses, there’s always another one coming.”-Richard Branson
- “Every problem is a gift- without problems we would not grow.”- Anthony Robbins
- “You only have to do a few things right in your life so long as you don’t do too many things wrong.” Warren Buffett
- “Success usually comes to those who are too busy to be looking for it.”-Henry David Thoreau
- “There’s no shortage of remarkable ideas, what’s missing is the will to execute them.” Seth Godin
- “Forget past mistakes. Forget failures. Forget everything except what you’re going to do now and do it.”-William Durant
- “There are no secrets to success. It is the result of preparation, hard work and learning from failure.” Colin Powell
- “Success is often achieved by those who don’t know that failure is inevitable.” Coco Chanel

SARS PASSWORDS

We periodically have calls from clients requesting assistance with being able to log into their E- filing or Easyfile programs in order to submit returns (usually VAT or PAYE) and or reconciliations.

Usually these calls come very close to the deadline for submission of such returns, which leaves very little time to find solutions to the problems. Most often, a staff member previously commissioned to submit such returns has left the company, taking with them the respective login details.

Anyone who has found themselves in this unfortunate position will testify how difficult and sometimes very frustrating trying to obtain this information either from such former employee or from SARS.

In the light of the above, the best safeguard is for senior management to be aware of all such passwords, backups and procedures. Especially important is the information on Easyfile (employee IRP5 certificate and reconciliations), which lies on the hard drive of a particular computer. Here the necessary backup files are critical. If in doubt, we recommend that you discuss this with an IT Specialist.

SOME TAX SAVINGS IDEAS

The following are some ideas to reduce tax liabilities.

- **BURSARIES**

Bursaries are exempt from tax where:

- The bursary is granted to an employee who agrees to reimburse the employer for the bursary if the employee fails to complete his studies for reasons other than death, ill-health or injury, or
- The bursary is granted to a relative of an employee that earns less than R600 000 per annum and to the extent that the bursary does not exceed R20 000 (30 000 for disabled relative) grade r to matric and R60 000 (90 000 for disabled relative) for further education.

- **SUBSISTENCE ALLOWANCES AND ADVANCES**

Where an advance or allowance is received by an employee for meals and other incidental costs, he/she can deduct either:

- The amount actually spent (limited to the advance or allowance), or
- The daily amounts set out in the table below where the employee is obliged to spend at least one night away from his/her usual place of residence on business. When the deemed amounts are used, the employee does not have to produce proof of the amounts spent and the allowance is not subject to employees' tax.

❖ Meals and incidental cost in South Africa	R435
❖ Incidental cost only in South Africa	R134
❖ Daily amount for travel outside South Africa (as per SARS website)	

- **TAX FREE INVESTMENTS**

Any amount received from a tax free investment is exempt from normal tax (this includes income on the investment as well as any profits arising on disposal of the investment)

The following requirements must be met:

- Investment must be a financial instrument or policy that is administered by any person or entity designated by the Minister of Finance
- Contributions to the investment must be made in cash and are limited to R33 000 per year and R500 000 in total (both in aggregate)

In the event where the R33 000 and R500 000 limits are exceeded, 40% of the excess investment is treated as normal tax payable (the income on the excess part of the investment is, however, still tax free).

2019 INCOME INDIVIDUALS TAX RETURNS –DEADLINE 31 JANUARY 2020

To enable us to complete your above income tax return for the year ended 28 February 2019 if not already finalised, could you please send us the following, where applicable, as soon as possible:

1. IRP5/IT3(a) Certificates.
2. Certificates of interest earned, both local and foreign.
3. Certificates for retirement annuity fund contributions paid.
4. Certificate of medical aid contributions paid and a schedule of expenses not covered by medical aid scheme, as well as copies of these invoices and proof of payment thereof.
5. Details of dividends received, both local and foreign.
6. Rental income and any other income, both local and foreign. Please also include details of expenditure incurred in the production of rental income. Please include a certificate of bond interest paid and levy statements if claiming this expenditure. SARS will not allow this expenditure without this interest paid on bond certificate.
7. If you received a travel allowance or a company car or claim travel expenses against business income, details pertaining to your motor vehicle (a comprehensive log book of all business and private mileage, vehicle purchase date, purchase price, registration number, odometer reading at the beginning and end of the tax year, and purpose of all business trips).
8. Details of any investments made or redeemed.
9. Details of any fixed property purchased or sold.
10. Any other information pertaining to your tax return.
11. Should you receive business income, SARS will require a statement of assets and liabilities. We will request this from you if needed.

We would also like to point out that the Tax Administration Act that came into effect on 1 October 2012 has fixed penalties for non-disclosure of taxable income. It is therefore essential that we are given all information pertaining to your tax return please. The Tax Administration Act also provides for penalties for late submission of tax returns, hence our appeal to you to please supply your tax documentation timeously.

We would appreciate it if you can forward the above, as well as any other relevant documentation required to complete your tax return as soon as possible to email address tax@iapa.co.za. It would be appreciated if you could gather all the above documentation and send it in one batch, if possible.

Please note that SARS compares the information submitted with your tax return with that as supplied to them by banks, other financial institutions, employers, etc. If they have record of income which is not declared in your tax return, they will issue additional assessments and potentially charge additional penalties for non-disclosure of income. Kindly therefore ensure that all income is supplied.

- **FEBRUARY 2020 SECOND PERIOD PROVISIONAL TAX**

The above provisional tax return is due 28 February 2020. Cognisance should be taken of the following matters pertaining to the calculation thereof:

- If actual taxable income for the 2020 tax year is less than R1m, then estimated income for 2020/02 provisional return may be based on taxable income per last assessment raised by SARS, subject to an escalation thereof if that assessment is for a tax year more than 18 months older than the 2020 tax year
- If actual taxable income for the 2020 tax year exceeds R1m, then estimated income for 2020/02 provisional return must be within 80% of such actual taxable income amount. Failing this, SARS will charge an additional tax penalty on such underestimation of your 2020/02 provisional return.

In the event of such additional tax penalty being charged, an objection thereto may be lodged provided sufficient documentation can be provided to prove that a serious calculation of estimated income has been made

- In either of the above circumstances, an own estimated income amount may be used, again provided sufficient documentation can be provided to substantiate such an estimated income amount. Such own estimated income amount must also include the taxable portion of any capital gain

Current PAYE paid for period March 2019 to February 2020 is permitted as a deduction against provisional tax payable amount.

Kindly contact Joyce Blaauw should you require assistance in the above regard

- **SERVICES WE PROVIDE**

- ❖ Statutory Audits
- ❖ Reviews of financial statements
- ❖ Compilation of financial statements
- ❖ Outsourced Financial Management
- ❖ Completing personal and corporate income tax returns
- ❖ Assisting with tax queries.
- ❖ Accounting services
- ❖ Company secretarial services including Company formations.
- ❖ Due Diligence Investigations
- ❖ Financial Emigration
- ❖ Voluntary Disclosure Programs
- ❖ Outsourced Payrolls.

- **WEBSITE**

We have an updated Website. Please look at it www.iapa.co.za