Tax Guide 2009/2010

PINTO RUSSELL

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IMPORTANT NOTE

The information contained in this Booklet is a summary of current legislation and budget proposals proposed by Minister Manuel on the 11th February 2009. We suggest that you do not act solely on material contained in this Booklet as the nature of the information contained herein is general and may in certain circumstances be subject to misinterpretation. In addition, the budget proposals may not include all legislative adjustments which could be made in the near future. Consequently we recommend that our advice be sought when encountering these potentially problematic areas. While every care has been taken in the compilation of this Booklet, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors, or omissions.

PERSONAL INCOME TAX RELIEF

The primary rebate is increased to R9 756 a year for all individuals. The secondary rebate is increased to R5 400 a year for individuals age 65 and over.

MEDICAL SCHEME CONTRIBUTIONS

From 1 March 2009, the monthly monetary caps for tax-deductible contributions to medical schemes will increase from R570 to R625 for each of the first two beneficiaries, and from R345 to R380 for each additional beneficiary.

Replacement of the medical scheme contribution deduction with a non-refundable tax credit is currently under consideration. Implementation is proposed in two years' time so that SARS, employers and payroll providers will have sufficient time to make the necessary administrative adjustments.

In preparation for this proposal medical scheme contributions will cease to qualify as tax-free fringe benefits. All contributions paid by an employer will be regarded as taxable and the employee will be permitted to claim a tax deduction (or a credit) for contributions up to the cap.

TRAVEL ALLOWANCES

Claiming "deemed business kilometres" as a travelling expense is one of the few remaining salary structuring methods used to reduce taxpayers tax liability. It is proposed that the deemed business kilometre procedure be scrapped from 2010/2011. Taxpayers who are required to use their personal vehicles for business purposes will still be able to keep a logbook to claim business travelling expenses.

PROVISIONAL TAX FOR TAXPAYERS 65 YEARS AND OLDER

Individuals 65 years and older are exempt from provisional tax if they are not company directors and only receive employment income, interest, rental or dividends amounting to taxable income of up to R80 000. It is proposed that the threshold be increased to R120 000.

TAX-FREE INTEREST, DIVIDEND INCOME AND CAPITAL GAINS

It is proposed to increase the tax-free interest-income ceiling from R19 000 to R21 000 for persons below the age 65 and from R27 500 to R30 000 for persons aged 65 and above. It is also proposed to increase the tax-free income ceilings for foreign dividends and interest from R3 200 to R3 500, and the annual exclusion ceiling for capital gains and losses for individuals from R16 000 to R17 500.

MODIFICATION OF CAPITAL GAINS EXCLUSION FOR PRIMARY RESIDENCE

It is proposed that the capital gains tax exclusion will fully apply to a primary residence up to a gross value of R2 million. As a result, people selling their primary residence with a gross value below R2 million will not be liable for capital gains tax. For primary residences valued above this threshold the normal rules (including the current R1.5 million capital gain/loss exclusion) will apply.

COMPLETION OF THE DIVIDEND TAX REFORM PROCESS

It is likely that this tax at shareholder level will be implemented during the second half of 2010. Under the dividend tax regime, local individual taxpayers are taxed at 10 per cent; domestic retirement funds, public benefit organizations and domestic companies are exempt; and foreign persons are eligible for tax-treaty benefits . The tax also provides for transitional credits, so that tax paid under the secondary tax on companies can be used to offset the dividend tax. The new tax also contains a mechanism under which the paying company (or paying intermediary) withholds the tax. Further legislative amendments during 2009 will provide for the completion of the dividend tax reform.

VAT VOLUNTARY REGISTRATION THRESHOLD

It is proposed to increase this threshold to R50 000 from 1 March 2010.

ENVIRONMENTAL FISCAL REFORM

Climate change requires both global and domestic policy responses. Internationally, government is playing an important role in the post-2012 Kyoto Protocol Negotiation process. In recent years, the role of market-based instruments has gained prominence in addressing environmental concerns. Such instruments, which include taxes, charges and tradable permits, use the price mechanism to deter environmentally detrimental activity and encourage improved environmental management practices. Appropriate domestic policy intervention will be required to ensure that mitigation and adaptation measures to address climate change are implemented.

INCENTIVES FOR CLEANER PRODUCTION – ENERGY EFFICIENCY

Current legislation provides for a three year 50:30:20 per cent accelerated depreciation allowance for investments in renewable energy and biofuels production. It is proposed that investments by companies in energy-efficient equipment should qualify for an additional allowance of up to 15 per cent on condition that there is documentary proof of the resulting energy efficiencies (after a two- or three-year period), certified by the Energy Efficiency Agency.

PLASTIC BAG LEVY

It is proposed to increase the levy to 4 cents per bag from 1 April 2009.

TAXATION OF INCANDESCENT (FILAMENT) LIGHT BULBS

It is recommended that an environmental levy of about R3 per bulb (between 1 cent and 3 cents per watt) be levied on incandescent light bulbs at the manufacturing level and on imports from 1 October 2009.

EMISSION REDUCTION CREDITS FROM CLEAN DEVELOPMENT PROJECTS

The clean development mechanism established in terms of the Kyoto Protocol allows for certified emission reductions (CERs) to be issued to recognise progress in reducing the release of greenhouse gases into the atmosphere. There is, however, uncertainty with regard to the income tax treatment of CERs, which may be one reason for the slow take-up of clean development mechanism projects in South Africa. It is proposed that income derived from the disposal of primary CERs be tax–exempt or subject to capital gains tax instead of normal income tax. Secondary CERs are to be classified as trading stock and taxed accordingly.

EMPLOYER CONTRIBUTIONS TO A RETIREMENT ANNUITY FUND:

If retirement annuity fund contributions are paid directly by the employer for the benefit of employees, the contributions are included in the gross income of the employees but are not deductible by the employees. It is proposed that these contributions should be deductible.

SMALL BUSINESS OWNERS' USE OF SHELF COMPANIES:

If a shareholder owns multiple companies, these companies may not access small business corporation relief or the turnover tax for micro businesses. The purpose of this prohibition is to prevent shareholders from dividing a single large business into multiple small businesses. Unfortunately, this exclusion has the unintended effect of denying relief for small business owners who place their businesses in purchased shelf companies. To remedy this situation, the exclusion against multiple company ownership should not apply in respect of companies that have never been more than a shell.

AMENDMENTS TO THE PARTIAL TAXATION OF CLUBS:

Tax relief for clubs was changed in 2006 from complete exemption to a system of exempting specified activities. All clubs created from 1 April 2007 fall under this new system, with pre-existing clubs being required to apply for the partial exemption system by the close of 31 March 2009. It is proposed that the application deadline for pre-existing clubs be moved to 30 September 2010.

PORTABLE R3.5 MILLION DEDUCTION BETWEEN SPOUSES:

Under current law, both spouses are each entitled to an estate duty deduction of R3.5 million. In widely accepted estate planning, each spouse seeks to use the R3.5 million deduction by removing assets worth R3.5 million from the estate while keeping practical control of the assets for the benefit of the spouse via a trust mechanism. It is proposed that spouses be given flexibility in using their combined estate duty deductions without the use of a trust mechanism. Under this proposal, the surviving spouse's (or spouses') estate will benefit from the unused deduction of the deceased spouse automatically.

SUBSISTENCE COSTS DEEMED TO HAVE BEEN INCURRED OUTSIDE SOUTH AFRICA

A single deemed daily amount currently applies for business travel in all countries outside South Africa, including neighbouring countries like Lesotho and Swaziland.

Although a single deemed amount may be initially convenient, it is self evident that subsistence expenses vary from country to country around the world, depending on each country's cost of living and particular circumstances.

In order to address this problem a change to the subsistence allowance for business travel outside South Africa was announced by the Minister of Finance in the 2006 Budget Review. The intention was to align the deemed amounts by country more closely with the actual costs likely to be incurred in the respective countries. Where such allowance relates to travel outside South Africa, the amounts can be fixed by country or by region.

The deemed amount by country approach has not been implemented to date due to practical constraints that may face employers, payroll service providers, and SARS.

It is now proposed that the current single deemed amount for all countries outside South Africa be replaced by more accurate amounts by country, based on the list that is used by Government officials travelling to the respective countries.

Whether or not the proposed changes are implemented for the year of assessment commencing on 1 March 2009, the annual notice that sets the deemed subsistence amounts for business travel within and outside South Africa will be published in the Gazette and on the SARS website by the end of February 2009.

NORMAL RATES OF TAX PAYABLE BY NATURAL PERSONS FOR THE YEAR ENDED 28 FEBRUARY 2010

TAXABLE INCOME			RATES OF TAX		
R0	–	R132 000		+ 18% of each R1	
R132 001	–	R210 000	R23 760	+ 25% of the amount over	R132 000
R210 001	–	R290 000	R43 260	+ 30% of the amount over	R210 000
R290 001	–	R410 000	R67 260	+ 35% of the amount over	R290 000
R410 001	–	R525 000	R109 260	+ 38% of the amount over	R410 000
R525 001	and above		R152 960	+ 40% of the amount over	R525 000

NORMAL RATES OF TAX PAYABLE BY NATURAL PERSONS FOR THE YEAR ENDED 28 FEBRUARY 2009

TAXABLE INCOME			RATES OF TAX		
R 0	—	R 122 000		+ 18% of each R1	
R 122 001	—	R 195 000	R 21 960	+ 25% of the amount over	R 122 000
R 195 001	—	R 270 000	R 40 210	+ 30% of the amount over	R 195 000
R 270 001	—	R 380 000	R 62 710	+ 35% of the amount over	R 270 000
R 380 001	—	R 490 000	R 101 210	+ 38% of the amount over	R 380 000
R 490 001	and above		R 143 010	+ 40% of the amount over	R 490 000

NORMAL RATES OF TAX PAYABLE BY NATURAL PERSONS FOR THE YEAR ENDED 29 FEBRUARY 2008

TAXABLE INCOME			RATES OF TAX			
R 0	—	R 112 500		+	18% of each R1	
R 112 501	—	R 180 000	R 20 250	+	25% of the amount over	R 112 500
R 180 001	—	R 250 000	R 37 125	+	30% of the amount over	R 180 000
R 250 001	—	R 350 000	R 58 125	+	35% of the amount over	R 250 000
R 350 001	—	R 450 000	R 93 125	+	38% of the amount over	R 350 000
R 450 001	and above		R 131 125	+	40% of the amount over	R 450 000

TAX REBATES
AMOUNTS DEDUCTIBLE FROM TAXES PAYABLE:

	2009	2010
■ Primary Rebate	R 8 280	R9 756
■ Additional Rebate (Applicable to taxpayers 65 years and older)	R 5 040	R 5 400

TAX THRESHOLDS
TAXABLE INCOMES ON WHICH NO TAX IS PAYABLE:

	2009	2010
■ Natural Persons under 65	R 46 000	R54 200
■ Natural Persons 65 years and older	R 74 000	R84 200

DEDUCTIONS

Employee deductions are limited to the following:

- Business travel deduction limited to car allowance
- Certain medical expenses
- Contributions to pension and retirement funds
- Donations to certain public benefit organisations
- Specific expenditure against allowances of holders of public office
- Wear and tear allowances on equipment.

The following currently represent certain standard deductions which may be utilised by taxpayers -

MEDICAL EXPENSES: For taxpayers under 65 years of age, this deduction is limited to expenditure (including contributions) which exceeds 7.5% of taxable income.

For taxpayers over 65 years of age, there are no limitations and all expenses are deductible. Where the taxpayer qualifies as a “handicapped person”, the taxpayer may deduct all qualifying medical expenditure.

CURRENT PENSION FUND CONTRIBUTIONS: This deduction is limited to the greater of R1 750 or 7.5% of remuneration from retirement funding employment.

CURRENT RETIREMENT ANNUITY FUND CONTRIBUTIONS: This deduction is limited to the greater of 15% of taxable income from non-retirement funding employment, R1 750 or R3 500 less Pension Fund contributions.

TRAVELLING ALLOWANCE

For the Tax year ending 2010

Rates per kilometre which may be used in determining the allowable deduction for business-travel, where no records of actual costs are kept.

WHERE THE VALUE OF THE VEHICLE IS (Including VAT)	FIXED COST R p.a.	FUEL COST c/km	MAINTENANCE COST c/km
0 - 40 000	14 672	58.6	21.7
40 001 - 80 000	29 106	58.6	21.7
80 001 - 120 000	39 928	62.5	24.2
120 001 - 160 000	50 749	68.6	28.0
160 001 - 200 000	63 424	68.8	41.1
200 001 - 240 000	76 041	81.5	46.4
240 001 - 280 000	86 211	81.5	46.4
280 001 - 320 000	96 260	85.7	49.4
320 001 - 360 000	106 367	94.6	56.2
360 001 - 400 000	116 012	110.3	75.2
exceeding 400 000	116 012	110.3	75.2

Note: *The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.*

Of the actual distance travelled during a tax year, in the absence of a log book, it is deemed that the first 18 000 kilometres are travelled for private purposes and the balance, but not exceeding 14 000 kilometres, are travelled for business purposes. 60% of the travelling allowance must be included in the employee's remuneration for the purposes of calculating PAYE.

Alternatively;
Where the distance travelled for business purposes does not exceed 8 000 kilometres per annum, no tax is payable on an allowance paid by an employer to an employee, up to the rate of 292 cents per kilometre regardless of the value of the vehicle.

This alternative is not available if other compensation in the form of an allowance or reimbursement is received from the employer in respect of the vehicle.

EMPLOYER-OWNED VEHICLES:

The taxable value is 2,5% of the determined value (usually the cash cost excluding VAT) per month. Where a second (and further) vehicle is made available to an employee or his family, and the vehicle is not used primarily for business purposes, the benefit is 2,5% per month on the vehicle with the highest value and 4% per month on the other vehicle(s). Where the employee bears the cost of all fuel used for the purposes of the private use of the vehicle (including travelling between the employee's place of residence and his/her place of employment) the monthly percentage to be applied is reduced by 0,22 percentage points.
If the employee bears the full cost of maintaining the vehicle (including the cost of repairs, servicing, lubrication and tyres) the monthly percentage to be applied is reduced by 0,18 percentage points.

HOLIDAY ACCOMMODATION *provided by Employer*

Employee taxed on —

- Lower of R100 per day or prevailing market rate
- All costs incurred if accommodation is hired by Employer

SUBSISTENCE ALLOWANCE

The unexpended portion of any allowance given to an Employee for expenses for personal subsistence and incidental costs, e.g. —

- Accommodation and meals is subject to tax if required to spend at least one night away from home.
- In order to simplify the administrative procedures, the amount in excess of the limits described below is taxable.

Overseas travel

At the discretion of SARS, who currently allows actual accommodation costs plus $215 per day for meals and incidental costs. This only applies for continuous periods outside the Republic not exceeding six weeks. Where this period is exceeded, allowance paid must be declared in full on Employee's Tax Certificate and Employee must claim his/her actual expenditure as a deduction. **See page 7 of this guide for future changes.**

Local travel

The following amounts are deemed to have been expended by an employee in respect of a subsistence allowance.

- R80 per day or part thereof for incidental costs;
- R260 per day or part thereof for meals and incidental costs

RESIDENTIAL ACCOMMODATION

A benefit arises where an employee has been provided with residential accommodation. The fringe benefit to be included in gross income is the greater of the benefit calculated by applying a prescribed formula or the cost to the employer. The formula will apply if the accommodation is owned by the employer, or an associated institution in relation to the employer, or under certain limited circumstances where it is not owned by the employer.

LOW INTEREST/INTEREST-FREE LOANS

Amount taxed is the difference between interest payable on the loan by the employee and official interest rate Short term loans, not granted regularly, not granted to all Employees, not in excess of R 3 000, are not taxable benefits.

TAXATION OF LUMP SUMS

RETIREMENT

Pension fund: A maximum of one third may be commuted to a lump sum. The full value of the fund can be paid out as a lump sum where two thirds of the total value does not exceed R 50 000. The taxation of the lump sum will be at the following rates after deducting tax free portions received in the past and adding own contributions not allowed in the past.

First	R300 000	0 %
Next	R300 000	18 %
Next	R300 000	27 %
The balance		36 %

Provident Fund: As for pension funds but with no commutation of one third. The tax free portion is the same as for pension funds.

Retirement annuity fund: As for pension funds

RESIGNATION

Pension fund: Maximum of the greater of:
- R1 800 plus any amount transferred as a single premium to another approved pension or retirement annuity fund, or
- An amount equal to a member's own contributions not previously allowed as a deduction.

Provident Fund: As for pension funds except that any amount transferred to another approved provident fund will also be allowed as a deduction

Retirement annuity fund: Withdrawal allowed if members interest in fund is less than R7 000 and in the event of mental disability. May be made paid up. Benefits may not be surrendered, commuted, assigned or pledged as security. Transfer is limited to another retirement annuity fund or the purchase of an insurance policy which the Commissioner is satisfied provides similar benefits.

ON DEATH

Pension fund: As for retirement

Provident Fund: Same as pension funds plus employees own contributions

LUMP SUMS RECEIVED FROM EMPLOYER

R30 000 exemption: Amounts received in respect of:

- Termination of office or employment,
- Impending termination of office or employment,
- Relinquishment, termination, loss, repudiation, cancellation or variation of office or employment or in respect of appointment to any office or employment.

To qualify for the exemption the person receiving the lump sum must fall into one of the following categories:

- the person must have reached the age of 55 years; or
- the termination or pending termination of the person's services must be due to superannuation, ill-health or infirmity; or
- the termination or impending termination of services must be due to the person's employer having ceased or intending to cease carrying on business, or implementing a reduction in staff (i.e. retrenchment)

The exemption in respect of amounts received in consequence of retrenchment or the employer ceasing to carry on business only applies if the person was not a director of the company (the employer) and did not at any time hold more than 5% of the issued share capital or members interest in such company.

RATING FORMULA

The rating formula ensures that lump sums are taxed, not at the marginal rate, but at the average rate of tax applicable to the tax payer's taxable income excluding the extraordinary amount.

Where the taxable income of any taxpayer includes:

- Any amount received by or accrued to him (other than pension provident or RAF lump sums)
- As an employee or the holder of an office
- By way of a bonus, gratuity or compensation
- Upon or because of the termination, or impending termination within five years, or his office or employment.

Such amount will be subject to the rating formula if:

- the person must have reached the age of 55 years; or
- the termination or pending termination of the person's services must be due to superannuation, ill-health or infirmity; or
- the Commissioner is satisfied that the termination is due to the taxpayer's employer having ceased or intending to cease carrying on business, or the taxpayer having become redundant and the circumstances warrant this concession

PROVISIONAL TAX

Provisional taxpayers are required to make two payments during a tax year, i.e. every six months. In addition, provisional taxpayers with taxable income in excess of R50 000 per annum (Companies and Close Corporations: R20 000 per annum) must pay a third "top-up" payment to avoid interest leviable in terms of Section 89 quat of the Income Tax Act.

Under normal circumstances, this 3rd provisional payment is due 6 months after a taxpayer's year-end. In the case of a taxpayer with a February year-end, the "top-up" payment can be made by the end of September of every year.

TAXPAYERS DEFINED FOR PROVISIONAL TAX PURPOSES

- Income earners not deriving remuneration as defined
- Companies, CCs, Trusts

Directors and members of a close corporation are not required to register as provisional taxpayers merely because they are directors of private companies or members of a close corporation.

PERSONS EXEMPT FROM MAKING PROVISIONAL TAX PAYMENT

- Natural persons under the age of 65 who do not carry on business, and whose taxable income will not exceed the tax threshold or whose interest, foreign dividends and rental will not exceed R10 000.
- Non-residents
- Certain farming, fishing and diamond-digging operators
- Natural persons over 65 years of age not carrying on a business with taxable income not exceeding R120 000
- Non-resident ship or aircraft charterers

STANDARD INCOME TAX ON EMPLOYEES (SITE)

SITE is a procedure through which the normal tax in respect of the first segment of an Employee's remuneration (R60 000 in all cases) is determined by the Employer and deducted under the PAYE system. **SITE** constitutes either a final or minimum liability, and is only refundable in certain scenarios. The most important exclusions from SITE systems are:

- Director's remuneration
- Self-employed practitioners
- Remuneration that may be set off against any assessed loss

All taxpayers who receive remuneration as defined 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 refundable.

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

PAY AS YOU EARN (PAYE)

Any Employee's remuneration which is not 'net remuneration' as defined or exceeds SITE limits (R60 000) is subject to monthly deductions according to the **PAYE** tables.

- 60% of any Travel Allowance
- Payment made to directors of private companies (including members of close corporations) in respect of services rendered are subject to **PAYE**.
- **PAYE** should be withheld from remuneration paid to labour brokers unless an exemption certificate is obtained.
- ANNUITIES from Annuity Funds are subject to **PAYE** and SITE.

NORMAL TAXATION

Close corporations and companies are treated the same for tax purposes and are taxed at the South African normal company tax rate of 28%.

Employment companies that are classified as personal service companies (see page 20) or labour brokers (who have not been issued with an exemption certificate for PAYE purposes) are taxed at 33%. A small business corporation(see pg 21 for rates) is a close corporation or private company (other than an employment company) of which: a) the entire shareholding or membership is held by natural persons; b) the gross income does not exceed R14 million during the year of assessment; c) none of the members, at any time during the year of assessment, held shares in any other company (other than listed companies, collective investment schemes, body corporates, shareblock companies, certain associations of persons, friendly societies and small interests in co-operatives); d) not more than 20% of the gross income and capital gains consists of investment income; e) if engaged in the provision of personal services, maintains at least three full-time employees (none of whom may be a shareholder or a connected person in relation to the shareholder) for core operations.

SECONDARY TAX ON COMPANIES

A company resident in South Africa is liable for Secondary Tax on Companies (STC) on dividends declared. STC of 12,5% or 10% if after 1 October 2007, is payable within a month of the end of the dividend cycle. Dividends declared by a company in liquidation, winding-up or deregistration from capital profits that accrued after 1 October 2001, are subject to STC. If the capital profits accrued before that date, the dividend will be exempt from STC if declared in the process of liquidation or deregistration, provided certain prescribed steps are taken and instituted within 6 months after the date the dividend is declared.

TRUSTS

Various anti-avoidance provisions exist to combat the use of trusts for income splitting and tax avoidance schemes.These provisions work mainly on a basis whereby any income earned by the trust as a result of a donation,settlement, or other disposition made by a person ('the donor'),which is not distributed, is deemed to be the income of that donor and taxed in their hands. If income is distributed to beneficiaries who are minor children of the donor, the income is also taxed in the hands of the donor.Similar provisions exist in respect of capital gains made by or accrued to a trust.

Trusts are very important in estate planning and if properly planned, managed and controlled can act as a significant shelter against future estate duties. With the introduction of Capital Gains Tax, the effectiveness of the use of trusts in estate planning has been slightly negated, but with careful planning the impact of CGT can be reduced and even completely avoided.

Trusts are divided into two categories for tax purposes :

- Special Trusts
- All other Trusts

A special trust means a trust created solely for the benefit of someone who suffers from a mental illness as defined in the Medical Health Care Act, or any serious physical disability Where such illness or disability prevents such person from earning sufficient income for their maintenance or from managing their own financial affairs. A special trust can also be created by way of a testamentary trust whereby beneficiaries of the testator who suffer from illness or physical disability as defined and where the youngest of the beneficiaries is on the last day of the year of assessment of that trust is under the age of 21 years.

The tax rates applicable to Special Trusts are the same as those applicable to natural persons, except that the primary rebate and interest and foreign dividend exemptions do not apply.

PERSONAL SERVICE COMPANIES & TRUSTS

A personal service company or trust is characterised by the following:

a) the person rendering the service to a client is a connected person in relation to the company or trust, and
b) such person would be regarded as an employee of the client were it not for the entity, or
c) such person would be subject to the control and supervision of the client, or
d) more than 80% of the entity's income is received from any one client or associated entity of the client.

Furthermore, the only allowable deduction will be limited to the amount of remuneration paid to the shareholders, members or any other employee of the company or trust.

An exception applies to the above, if the entity employs more than two full time employees throughout the year of assessment who are not connected to the company or trust.

The Act also prohibits a deduction in respect of certain expenses incurred by a labour broker (who is not in possession of a certificate of exemption for PAYE purposes) or a personal service company, or personal service trust.

TURNOVER TAX FOR MICRO BUSINESSES, FINANCIAL YEAR ENDING 28 FEB 2010

TAXABLE TURNOVER			RATES OF TAX		
R0	–	R100 000		+ 0%	
R100 001	–	R300 000		+ 1% of the amount over	R100 000
R300 001	–	R500 000	R2 000	+ 3% of the amount over	R300 000
R500 001	–	R750 000	R8 000	+ 5% of the amount over	R500 000
R750 001	and above		R20 500	+ 7% of the amount over	R750 000

SMALL BUSINESS CORPORATIONS

Taxable income	Tax rates
2009	
R0 - R46 000	Nil
R46 001 - R300 000	10% of amount above R46 000
R300 001 and above	R25 400 + 28% of amount above R300 000
2010	
0 - R 54 200	Nil
R54 201 - R300 000	10% of the amount above R54 200
R300 001 and above	R24 580 + 28% of amount above R300 000

Rates applies if

- All shareholders throughout the year of assessment are natural people who hold no shares in any other private companies or members interest in any other close corporations (unless such company or corporation is a unused shelf company)
- Gross income for the year does not exceed R14m (2007 : R14m)
- Not more than 20% of the gross income consists collectively of investment income (annuity, interest, rental income, royalty, dividends, proceeds from marketable securities or immovable property) or from income from rendering a personal service (accounting, actuarial science, architecture, auctioneering, auditing, broadcasting, broking, commercial arts, consulting, draughtsmanship, education, engineering, entertainment, health, information technology, journalism, law, management, performing arts, real estate research, secretarial services, sport, surveying, translation, valuation, or vetenirary science, which is performed personally by any person who holds an interest in the company or close corporation except where such corporation employs three or more unconnected full time employees for core operations (2007 : at least four)
- Corporation or company is not an employment entity

Accelerated depreciation

- Full cost of any asset used in a process of manufacture and brought into use on or after 1 April 2001
- All other assets brought into use after 1 March 2005 can be written off on a 50:30:20 basis (no apportionment)

FARMING INCOME

The First schedule of the Income Tax Act regulates farming taxes. The most important sections are :

VALUATION OF LIVESTOCK AND PRODUCE

Only livestock and produce need to be brought into account, not fertiliser etc Livestock can be valued at standard values or the farmer may elect own values which may not differ more than 20% of standard values (once a value has chosen, it must be used consistently).
Purchases of livestock cannot create a loss because of using standard values. (ringfencing) This gross loss must be carried forward to the next year The values as per government gazette 5309 of 8 Oct 1976:

Cattle:	Bull R 50, Ox R40, Cow R40
Tollies and Heifers:	1 - 2 years old R14, 2 - 3 years old R 30
Calves	R4
Sheep	Wethers, Rams and Ewes R6, weaned lambs R2
Goats	Weaned Kids R2, Fully grown R 4
Pigs	Under 6 months (weaned) R6, over 6 months R12
Poultry	over 9 months R1
Horses	Stallions over 4 years R40, Mares over 4 years and Geldings over 3 years R30, Colts and fillies 3 years R10, Colts and fillies 2 years R8, Colts and fillies 1 year R 6, Foals under 1 year R2
Donkeys	Jacks and Jennies over 3 years R4, Jacks and Jennies under 3 years R 2
Mules	4 years and over R30, 3 years R20, 2 years R14, 1 year R6
Ostriches	fully grown R6
Chinchillas	all ages R1

CAPITAL DEVELOPMENT EXPENDITURE

Expenditure not restricted to taxable income from farming:

- Eradication of noxious plants and prevention of soil erosion

Expenditure restricted to taxable income from farming

- Dipping tanks
- Dams irrigation schemes, boreholes and pumping plants
- Fences
- Additions, erection of, extensions and improvements to farm buildings (including farm schools and domestic buildings of employees, not related to the farmer or shareholders, but limited to a maximum of R6000 per employee and recouped if a non-employee takes occupation)
- Costs of establishing the area for and the planting of trees, shrubs and perennial plants
- Carrying of electric power from main power lines to farm machinery and equipment

SPECIAL DEPRECIATION ALLOWANCE:

Machinery, implements, utensils and articles for farming purposes are written off over three years on a 50:30:20 basis. This does not apply to motor vehicles used to convey passengers, caravans, aircraft (excluding crop-spraying aircraft) or office furniture and equipment.

Rating formula

Because a farmers income fluctuates from year to year, he may elect to be taxed in accordance with a rating formula. The farmer is taxed on the average taxable income in the current and preceding four years (losses are taken into account). After election he is bound to the same rating in future and he is not entitled to make use of provisions relating to government livestock reduction schemes, rating formula for plantation farmers and provisions relating to sugar cane farmers. Special arrangements applicable in the event of the first year of farming, being either lower than R5000, R5000 or 2/3rds if income is above R7500.

Other

Special provisions exist for forced sales in the event of drought, disease, plague or fire, special drought relief schemes, plantation farming and sugar cane farming.

BRIEF SUMMARY OF CGT

CGT is payable on the **disposal** of **assets** that take place on or after valuation date, i.e. 1 October 2001; in the case of South African residents, the tax will apply to disposals of all assets (including overseas assets); in the case of **non-residents**, the following assets will be subject to CGT:

- immovable property, or any right or interest in a property (this includes a direct or indirect interest of at least 20% held alone or together with any connected person in the equity share capital of a company, where at least 80% of the value of the net assets of the company is, at the time of the disposal, attributable to immovable property in SA); and
- any asset of a permanent establishment through which a trade carried on in SA;

a capital gain or loss is determined by calculating the difference between the **proceeds** i.e. the amount accruing to the seller, and the base cost of the disposed asset;
base cost relates to the costs directly incurred in acquiring or improving the asset.

CALCULATION OF CGT

A capital gain or loss is calculated separately in respect of each asset disposed;

once determined, gains or losses are combined for that year of assessment;

an annual exclusion of **R17 500** is applicable, in respect of natural persons only, to the sum of all gains and losses (**R120 000** in the year of death of the person); the resulting capital gain or loss (if not specifically excluded, disregarded or deferred) is aggregated with all other gains or losses in the current tax year, and if it is;

- an assessed capital loss, it is carried forward to the following year, or
- a net capital gain, it is multiplied by the inclusion rate (see example).

this taxable capital gain is included in taxable income and taxed at the normal income tax rates applicable.

EFFECTIVE TAX RATES

Type of taxpayer	Inclusion Rate	Statutory Rate	Effective Rate
Individuals	25%	0-40%	0-10%
Retirement funds	N/A	0%	N/A
Trusts - unit trusts - special trusts - other	 N/A 25% 50%	 30% 18-40% 40%	 N/A 4,5%-10% 20%
Life assurers - individual policyholder fund - company policyholder fund - corporate fund - untaxed policyholder fund	 25% 50% 50% 0%	 30% 30% 30% 0%	 7,5% 15% 15% 0%
Companies	50%	28%	14%
Small business corporations	50%	0-28%	0-14%
Employment companies	50%	33%	16.5%
Tax holiday companies	50%	0%	0%

VALUE ADDED TAX (VAT)

VAT was introduced on 30 September 1991 at 10% and increased to 14% on 7 April 1993. The VAT system comprises three types of supply:

- standard-rated supplies - supplies of goods and services subject to the VAT rate in force at the time of supply
- exempt supplies - supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input credits
- zero-rated supplies - supplies of certain goods or services subject to VAT at zero percent.

KEY FEATURES

- With effect from 1 March 2009 enterprises with a turnover of less than R1 000 000 (previously R300 000) in any period of 12 months are not obliged to register for VAT;
- enterprises with a turnover of less than R20 000 (wef 01/03/10 R50 000) in any period of 12 months are not permitted to register for VAT;
- VAT returns are generally submitted on a 2 monthly basis unless turnover in any period of 12 months exceeds R30 million, in which case returns are submitted monthly;
- farmers may submit VAT returns on a 6 monthly basis and property letting companies may, subject to certain requirements, submit annual VAT returns;
- with effect from 1 March 2009 businesses with turnover of less than R1,5 million (previously R1,2 million) may apply to submit returns quarterly, i.e., once every 3 months;
- a vendor is legally obliged to notify SARS as soon as annual turnover exceeds or is expected to exceed R30 million;
- vendors may reclaim the VAT element of all expenditure except on:
  - entertainment, except qualifying subsistence;
  - passenger vehicles (including hiring); and
  - club subscriptions.
- input tax credits may not be claimed on expenditure relating to exempt supplies;
- input tax credits may only be claimed upon receipt of a valid tax invoice;
- from 1 March 2005, the name, address and VAT registration number of the recipient must appear on tax invoices where the VAT inclusive total exceeds R3 000;

DONATIONS

Donations Tax is payable by any individual living 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.

PRINCIPAL EXEMPTIONS:

1. Donations between spouses.
2. Donations to charitable, ecclesiastical and educational institutions, and certain public bodies in the Republic of South Africa limited to certain thresholds.
3. Casual donations up to R10 000 per year by donors other than natural persons.
4. Donations by natural persons on or after 1 March 2007 not exceeding R100 000 (previously R50 000) per year.
5. The donation of assets situated outside the Republic, subject to certain conditions:
   - Donations by companies not considered to be public companies up to R10 000 per annum after 1 March 2002 (2001 : R5 000)
     - Donations where the donee will not benefit until the death of the donor
   - Donations made by companies which are recognised as public companies for tax purposes
   - Donations cancelled within six months of the effective date
   - Property disposed of under and in pursuance of any trust
     - With effect from 1 October 2001, donations between companies forming part of the same group of companies

RATES:

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

CAPITAL INCENTIVE ALLOWANCES

ASSET TYPE	CONDITIONS FOR ANNUAL ALLOWANCES	ANNUAL ALLOWANCES
Industrial Buildings	Cost of erection of buildings or improvements, provided building is used wholly or mainly for carrying on a process of manufacture or similar process	5% WEF 1/7/96 — 10%
Commercial & Residential Buildings in Designated Urban Areas	Refurbishment of existing building Construction of new building	20% 20% in 1st year 5% in each of 16 subsequent years
Hotel Buildings	Cost of portion of erection or improvements, provided registered as a hotel Refurbishments which commenced on or after 17 March 1993	5% 20%
Residential Buildings	Building projects erected on or after 1 April 1982 consisting of at least five units of more than one room intended for letting, or occupation by *bona fide* full-time employees	2% of cost and an initial allowance of 10% of cost
Aircraft	Must be used for purposes of trade	20%
Ships	Must be used for purposes of trade	20%
Plant & Machinery	New or unused manufacturing assets acquired on or after 1 March 2002 will be subject to wear and tear allowances over four years	40% in 1st year 20% in each of the 3 subsequent years
Plant & machinery (small business corporations only)	New and unused plant or machinery brought into use on or after 1 April 2001 and used by the taxpayer directly in a process of manufacture	100% of cost

RESIDENCE BASED TAX

With effect from 1 January 2001, all income earned by a South African resident became taxable in South Africa.

DEFINITION OF RESIDENT

Natural Person

- any natural person who is ordinarily resident in South Africa; or
- any natural person who is not ordinarily resident in South Africa but who:
  - is physically present in South Africa for a period exceeding 91 days in aggregate during the current year of assessment and for a period exceeding 91 days in aggregate during each of the prior 5 years of assessment; and was physically present in South Africa for a period exceeding 915 days in aggregate during the previous 5 years of assessments.
  - Where a person has been outside of South Africa for a continuous period of at least 330 full days after he ceases to be physically present in South Africa, he will be deemed to not have been resident in South Africa from the day that he ceased to be physically present in the country.
  - South African resident employees who render services for any employer outside 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 South Africa.

Companies

A company will be considered to be resident in South Africa for tax purposes if it is incorporated, established, formed or has its place of effective management in South Africa.

CONTROLLED FOREIGN COMPANIES (CFC)

A Controlled Foreign Company (CFC) means any foreign company where 50% or more of the total participation rights in that foreign company are held or more than 50% of the voting rights in that foreign company are directly or indirectly exercisable by one or more residents. South African residents must impute all income of a CFC in the same ratio as the participation rights of the resident in such a CFC, subject to a number of exclusions. Net income of the CFC is defined as the CFC's taxable income determined as if the CFC is a South African taxpayer.

FOREIGN DIVIDENDS

With effect from 1 June 2004 foreign dividends received from a non-resident company, including deemed dividends, are taxable, unless:

- A qualifying interest is held in the equity of the distributing company
- Residents hold more than 10% of the distributing companies equity share capital and that such company is a listed entity
- The distributing company is a controlled foreign company (CFC) and the dividends do not exceed amounts deemed to be the resident shareholder's income under the CFC rules
- The profits from which the dividends were declared are taxable in South Africa or arose from dividends declared by a resident company.

With effect from from 8 November 2005 the qualifying interest is 20%.

FOREIGN TAX CREDITS

Residents are allowed to deduct all foreign taxes paid in respect of foreign income from the tax payable in South Africa on the total amount of such foreign income. Any excess credits may be carried forward.

SOUTH AFRICAN RESIDENT PRIVATE INDIVIDUALS

Private individuals who are over 18 and tax payers in good standing have been permitted to invest abroad since 1 July 1997. The current limit is R2 000 000 per person.

EMIGRATION LIMITS

Household & personal effects, Motor Vehicles, Stamps, coins & Kruger Rands. R 1 000 000

CAPITAL TRANSFERS

Capital introduced into the country after 1 July 1997, by resident individuals, may be repatriated at any time.

SINGLE DISCRETIONARY ALLOWANCE

Residents (natural persons), who are over the age of 18 years may be permitted to avail of a single allowance within an overall limit of R500 000 per individual per calendar year, without the requirement to obtain a Tax Clearance Certificate, to cover the following discretionary allowances:

- monetary gifts and loans
- donations to missionaries
- maintenance transfers
- travel allowance (children under the age of eighteen will be entitled to an annual allowance of R160 000)

This discretionary allowance is in addition to the existing R2 million individual foreign capital allowance.

STUDY ALLOWANCES

The direct costs of study (ie tuition and academic fees) may be transferred directly to the institution concerned, over and above the single discretionary allowance. Should a spouse accompany a student, a discretionary allowance may be accorded the spouse.

NON-RESIDENTS

Non-residents may invest in the Republic, provided that suitable documentary evidence is received in order to ensure that such transactions are concluded at arms length, at fair market-related prices, and are financed in an approved manner subject to exchange control approval.

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 quoted companies out of income earned are remittable to non-resident shareholders. An emigrant shareholder will be entitled to dividends declared out of income earned after the date of emigration. Dividends declared by non-quoted companies are remittable in proportion to percentage shareholdings, subject to certain restrictions. Dividends in favour of emigrant shareholders may be remitted subject to additional requirements.

FEES

Authorised dealers may transfer directors fees to nonresident directors permanently domiciled outside South Africa, provided the application is accompanied by a copy of the resolution of the board of the remitting company, confirming the amount to be paid to the beneficiary. Requests for payment of management and administration fees are considered on merit.

ESTATE DUTY

The general rule is that if the taxpayer 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 (including limited interests such as usufruct)	R	....
◆ Deemed property	R	....
◆ Gross value of property	R	....
◆ Deductions	R	....
◆ Net Value of Estate	R	....
◆ Abatement	R	...(3 500 000)...
◆ Dutiable Estate (A)	R	....
◆ Estate Duty 20% of A	R	....

Deemed property includes: Insurance Policies on the life of the deceased as well as property that the deceased was competent to dispose of immediately prior to his death.

The most important deductions are:

- Debts due at date of death
- Bequests to various charities
- Bequests to a surviving spouse

There is relief from Estate Duty in the case of the same property being included in the estates of spouses 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 and 20% where the deaths are within 8 years of each other.

South Africa has entered into reciprocal agreements with various countries (eg United States, 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% for persons dying on or after 1 October 2001.

TRANSFER DUTY ON IMMOVABLE PROPERTY

TRANSFER DUTY IS:

- is calculated on the value of the immovable property (purchase price or market value whichever is the highest);
- will be exempted if the purchase price / value is under R500 000 or when the seller is a registered VAT vendor;
- where a registered vendor purchases property from a non-vendor, the VAT notional input tax credit is limited to the quantum of transfer duty payable. A notional input tax credit is only claimable to the extent to which the purchase price has been paid,
- certain exemptions apply to unbundling of corporate structures;
- the acquisition of a contingent right in a trust that holds a residential property or the shares in a company or the member's interest in a close corporation, which owns residential property, comprising more than 50% of its CGT assets, is subject to transfer duty at the applicable rate;
- the purchaser of the shares or members interest will be liable to pay transfer duty
- liabilities of the entity to be disregarded when calculating the fair value of the contingent right in the trust, the shares in the company or the member's interest in the close corporation;
- any person who does or omits to do anything with the intent to evade transfer duty may be charged with additional duty up to twice the amount of duty payable. Such person is guilty of an offence and liable on conviction to a fine or imprisonment for a period not exceeding 60 months;

Transfer duty is calculated as follows: Rate of transfer duty, 2008/9

Natural persons:

R0 - R500 000	0%
R500 001 - R1 000 000	5% on the value above R500 000
R1 000 001 and above	R25 000 plus 8% on the value over R1 000 000

Companies, Close Corporations & Trusts:

Transfer duty rate for these legal entities is a flat rate of 8%

WEAR AND TEAR ALLOWANCES

WRITE-OFF PERIODS ACCEPTABLE TO INLAND REVENUE

ITEM	Period of write-off (no. of years)	ITEM	Period of write-off (no. of years)
Adding machines	6	Fertiliser spreaders	6
Air-conditioners: window type	6	Fire extinguishers (loose units)	5
Aircraft: light pass/ commercial/helicopter	4	Fishing Vessels	12
Arc welding equipment	6	Fitted carpets	6
Balers	6	Fork-lift trucks	4
Battery chargers	5	Front-end loaders	4
Bicycles	4	Furniture and fittings	6
Bulldozers	3	Gantry cranes	6
Burglar Alarms (removable)	10	Garden irrigation equipment (movable)	5
Calculators	3	Gas cutting equipment	6
Cash registers	5	Gas heaters and cookers	6
Cellular telephone	3	Gear shapers	6
Cheque writing machines	6	Graders	4
Cinema equipment	5	Grinding machines	6
Cold drink dispenser	6	Guillotines	6
Compressors	4	Gymnasium equipment	10
Computer (main frame)	5	Hairdressers equipment	5
Computer (personal computer)	3	Harvesters	6
Computer software (main frames):	2	Heat dryers	6
Purchased	3	Heating equipment	6
Self-developed	1	Hot water systems	5
Computer software (personal computer)	2	Incubators	6
Concrete transit mixers	3	Ironing and pressing equipment	6
Containers	5	Kitchen equipment	6
Crop sprayers	6	Knitting machines	6
Curtains	5	Laboratory research equipment	5
Debarking equipment	4	Lathes	6
Delivery vehicles	4	Laundromat equipment	5
Demountable partitions	6	Law reports	5
Dental and doctors equipment	5	Lift installations (goods)	12
Dictaphones	3	Lift installation (passengers)	12
Drilling equipment (water)	5	Medical theatre equipment	6
Drills	6	Milling machines	6
Electric saws	6	Mobile caravans	5
Electrostatic copiers	6	Mobile cranes	4
Engraving equipment	5	Mobile refrigeration units	4
Excavators	4	Motorcycles	4
Fax machines	3		

WEAR AND TEAR ALLOWANCES

WRITE-OFF PERIODS ACCEPTABLE TO INLAND REVENUE

ITEM	Period of write-off (no. of years)	ITEM	Period of write-off (no. of years)
Motorised chain saws	4	Special patterns and tooling	2
Motorised concrete mixers	3	Spin dryers	6
Motor mowers	5	Spot welding equipment	6
Musical instruments	5	Staff training equipment	5
Neon signs and advertising		Stainless steel containers	5
boards	10	Surveyors:	
Ovens and heating devices	6	Instruments	10
Oven for heating food	6	Field equipment	5
Oxygen concentration	3	Tape-recorders	5
Paintings (valuable)	25	Telephone equipment	5
Pallets	4	Television and advertising films	4
Passenger cars	5	TV sets, video machines and decoders	6
Patterns, tooling and dies	3	Textbooks	3
Perforating equipment	6	Tractors	4
Photocopying equipment	5	Trailers	5
Photographic equipment	6	Traxcavators	4
Planers	6	Trucks (heavy duty)	3
Pleasure craft etc.	12	Trucks (other)	4
Portable concrete mixers	4	Truck mounted cranes	4
Ploughs	6	Typewriters	6
Portable generators	5	Vending machines (inc.	
Portable safes	25	video game)	6
Power tools (hand operated)	5	Video cassettes	2
Public address systems	5	Washing machines	5
Race horses	4	Water distillation and	
Radio communication		purification plant	12
equipment	5	Water tankers	4
Refrigerated milk tank	4	Water tanks	6
Refrigerated equipment	6	Weighbridges (movable parts)	10
Refrigerators	6	Workshop equipment	5
Runway lights	5	X-ray equipment	5
Sanders	6		
Security systems	6		
Seed separators	6		
Sewing machines	6		
Shop fittings	6		
Solar energy units	5		

**** Please note: Items of a value of less than R5000 may be written off in full in year one.***

RETENTION OF RECORDS

It is recommended that all documentation pertaining to potential Capital Gains tax transactions be retained indefinitely.

ACCOUNTING RECORDS

Books of prime entry:

Cash Books, Creditor's Ledgers, Debtor's 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 —

- Original 15
- Microfiche 5

Vouchers, Working Papers, Bank Statements, Costing Records, Creditor's Invoices and Statements, Debtor's Invoices and Statements, Goods Received Notes, Journal Vouchers, Payrolls, Purchase Orders and Invoices, Railage Documents, Salary and Wages Registers, Sales Tax Records, Tax Returns and Assessments, etc 5

EMPLOYEE RECORDS:

Expense Accounts, Payrolls, Employee Tax Returns,etc 5
Accident Records, Apprentice Records, Industrial Training Records, Staff Records, etc 3

STATUTORY & SHARE REGISTRATION RECORDS:

Annual Returns, Certificates of change of name, Incorporation, to commence business, 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.

- Cancelled share transfer forms 12

SARS INTEREST RATES

Late or underpayments of Tax		
Effective date		Rate
1 December	2003	11,5%
1 November	2004	10,5%
1 November	2006	11,0%
1 March	2007	12,0%
1 November	2007	13,0%
1 March	2008	14,0%
1 September	2008	15,0%
Fringe benefits – official rate of interest		
1 September	2004	8,5%
1 September	2005	8,0%
1 September	2006	9,0%
1 March	2007	10,0%
1 September	2007	11,0%
1 March	2008	12,0%
1 September	2008	13,0%
Overpayments of tax		
1 November	2004	6,5%
1 November	2006	7,0%
1 March	2007	8,0%
1 November	2007	9,0%
1 March	2008	10,0%
1 September	2008	11,0%

PRIME BANK OVERDRAFT RATES

EFFECTIVE DATE			RATE	
19.	10.	1998	24,50	%
09.	11.	1998	23,50	%
07.	12.	1998	23,00	%
11.	01.	1999	22,00	%
05.	02.	1999	21,00	%
15.	03.	1999	20,00	%
26.	04.	1999	19,00	%
28.	06.	1999	18,00	%
14.	07.	1999	17,50	%
23.	07.	1999	16,50	%
04.	10.	1999	15,50	%
25.	01.	2000	14,50	%
18.	06.	2001	13,75	%
16.	07.	2001	13,50	%
28.	09.	2001	13,00	%
16.	01.	2002	14,00	%
18.	03.	2002	15,00	%
15.	06.	2002	16,00	%
16.	09.	2002	17,00	%
13.	06.	2003	15,50	%
15.	08.	2003	14,50	%
11.	09.	2003	13,50	%
20.	10.	2003	12,00	%
15.	12.	2003	11,50	%
16.	08.	2004	11,00	%
15.	04.	2005	10,50	%
08.	06.	2006	11,00	%
03.	08.	2006	11,50	%
13.	10.	2006	12,00	%
08.	12.	2006	12,50	%
08.	06.	2007	13,00	%
17.	08.	2007	13,50	%
12.	10.	2007	14,00	%
07.	12.	2007	14,50	%
11.	04.	2008	15.00	%
13.	06.	2008	15.50	%
12.	12.	2008	15.00	%
06.	02.	2009	14.00	%

COMPARATIVE TAX RATES

RATES OF TAX		2010	2009	2008	2007
(A) NATURAL PERSONS:					
Maximum marginal rate -		40%	40%	40%	40%
• Reached at a taxable income		525 000	490 000	450 000	400 000
Minimum rate		18%	18%	18%	18%
• Up to taxable income of		132 000	122 000	112 500	100 000
(B) COMPANIES:					
• Private and Public -	Normal tax rate	28%	28%	29%	29%
	STC rate	10%	10%	10%	12.5%
• Close Corporation -	Normal tax rate	28%	28%	29%	29%
	STC rate	10%	10%	10%	12.5%
(C) TRUSTS: (other than special trusts)					
Maximum marginal rate -		40%	40%	40%	40%
• Reached at a taxable income		Flat rate	Flat rate	Flat rate	Flat rate
Minimum rate		40%	40%	40%	40%
• Up to taxable income of		Flat rate	Flat rate	Flat rate	Flat rate
(D) SUNDRY:					
• Donations Tax		20%	20%	20%	20%
• Estate Duty		20%	20%	20%	20%