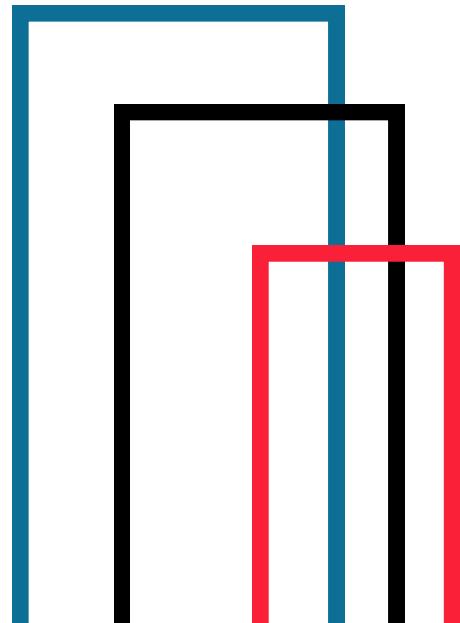
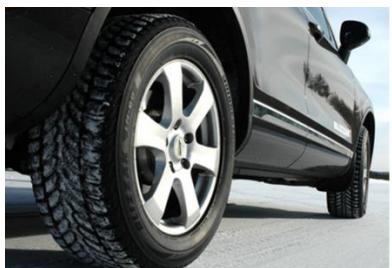
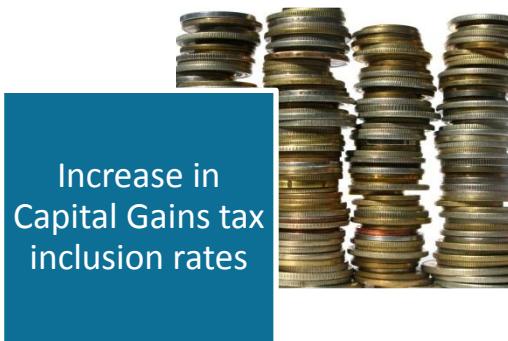
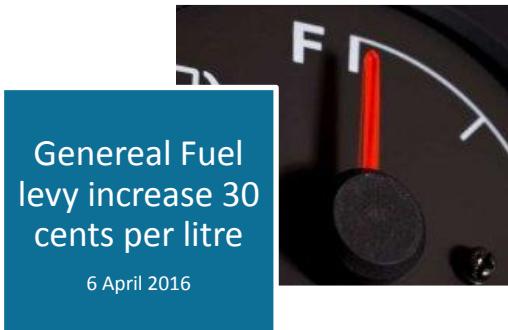


2016 Tax Guide

Budget Overview and Tax Amendments



Budget Highlights



Tax Amendments

Income Tax: Individuals and Trusts for the tax year ending 28 February 2017

Tax rates

Individuals and Special Trusts

Taxable Income (Rand)	Rate of Tax (Rand)
0 – 188 000	18% of taxable income
188 001 – 293 600	$33\ 840 + 26\%$ of taxable income above 188 000
293 601 – 406 400	$61\ 296 + 31\%$ of taxable income above 293 600
406 401 – 550 100	$96\ 264 + 36\%$ of taxable income above 406 400
550 101 – 701 300	$147\ 996 + 39\%$ of taxable income above 550 100
701 301 and above	$206\ 964 + 41\%$ of taxable income above 701 300

Trusts other than Special Trusts

Trusts other than special trusts are taxed at a rate of 41% Tax on Taxable Income.

Rebates

Classification	Rebate (Rand)
Primary	13 500
Secondary (person 65 and older)	7 407
Tertiary (person 75 and older)	2 466

Tax Thresholds

Classification	Threshold (Rand)
Below age 65	75 000
Age 65 below age 75	116 150
Age 75 and older	129 850

Interest Exemptions

The interest exemptions relates to interest earned from a South African source by a natural person.

Classification	Exemption (Rand) per annum
Below age 65	23 800
Age 65 and older	34 500

Provisional Taxpayers

A provisional taxpayer is any person who earns income other than remuneration or an allowance or advance payable by the person's principal. An individual is exempt from the payment of provisional tax if he or she does not carry on any business and his or her taxable income –

- will not exceed the tax threshold for the tax year; or
- from interest, dividends, foreign dividends and rental from the letting of fixed property will be R30 000 or less for the tax year.

Provisional tax returns, showing an estimation of total taxable income for the tax year, are required from provisional taxpayers.

Deceased estates are not classified as provisional taxpayers.

Local Dividends

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax at a rate of 15% is withheld by the entities paying the dividends to the individuals. Consult the Income Tax Act to determine whether the dividends received are in fact exempt.

Dividends received by South African resident individuals from real estate investment trusts are subject to income tax. Non-residents in receipt of those dividends are only subject to dividends tax.



Foreign Dividends

Most foreign dividends received by individuals from foreign companies (shareholding of less than 10% in the foreign company) are taxable at a maximum effective rate of 15%. No deductions are allowed for expenditure to produce foreign dividends.

Deductions

Retirement Fund Contributions

Amounts contributed to pension, provident and retirement annuity funds during a tax year are deductible by members of those funds. Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employee.

The deduction is limited to 27.5% of the greater of –

- remuneration for PAYE purposes (excluding retirement fund lump sums and severance benefits; or
- taxable income excluding retirement fund lump sums and severance benefits.

The deduction is limited to a maximum of R350 000.

Any contributions exceeding the limitations are carried forward to the next tax year and are deemed to be contributed in that following tax year for deduction purposes. The amounts carried forward are reduced by contributions set-off when determining taxable retirement fund lump sums or retirement annuities.

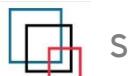
Medical and Disability Expenses

This deduction relates to monthly contributions paid to medical schemes during the tax year. Note that the rebate is deductible in the hands of the individual who paid the contributions to the medical scheme only.

Individual classification	Tax rebate (Rand)
Person paying the contributions	286 per month
First dependent	286 per month
Additional dependents	192 for each independent per month

Qualifying expenses in relation to individuals can be deducted, when determining tax payable –

- if the tax payer is an individual who is 65 and older, or if the taxpayer is an individual, his or her spouse, or his or her child is a person with a disability, 33.3% of the sum of qualifying medical expenses paid and borne by the individual, and an amount by which medical scheme contributions paid by the individual exceed three times the medical scheme fees tax credits for the tax year; or
- any other individual, 25% of an amount equal to the sum of qualifying medical expenses paid and borne by the individual, and an amount by which medical scheme contributions paid by the individual exceed four times the medical scheme fees tax credits for the tax year, limited to the amount which exceeds 7.5% of taxable income (excluding retirement fund lump sums and severance benefits).



Donations

Deductions in respect of donations to certain public benefit organisations are limited to 10% of taxable income (excluding retirement fund lump sums and severance benefits). The amount of donations exceeding 10% of the taxable income is treated as a donation to qualifying public benefit organisations in the following tax year.

Allowances

Subsistence Allowances and Advances

This allowance and advance refers to an advance or allowance received where the recipient is obliged to spend at least one night away from his or her usual place of residence on business. The accommodation to which the allowance or advance relates is in the Republic of South Africa and the allowance or advance is granted to pay for meals and incidental costs in relation to the trip.

The deemed amount expensed per day, which represents a deduction when the taxable income is determined, is set out below.

Responsibility of tax payer	Tax deduction per day (Rand)
Meals and incidental costs	372 per day
Incidental costs only	115 per day

Where the accommodation to which that allowance or advance relates is outside the Republic of South Africa, a specific amount per country is deemed to have been expended. Refer to the South African Revenue Service guides for the specific amounts.

Travel Allowance

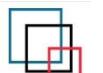
When a travel allowance is received by an employee, 80% of the travelling allowance must be included in the employee's remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.

The actual distance, personal and business purposes, travelled during a tax year and the distance travelled for business purposes are used to determine the costs which may be claimed against a travelling allowance. The distance travelled for business purposes needs to be substantiated by a logbook.

The rate per kilometre, which may be used in determining the allowable deduction (against a received allowance) for business travel, when the taxable income for an individual is determined, is determined making use of the published table. Refer to the South African Revenue Service guides for the rates.

No fuel cost may be claimed if the employee has not borne the full cost of fuel used in the vehicle and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (e.g. if the vehicle is covered by a maintenance plan).

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.



Income Tax: Companies for financial years ending on any date between 1 April 2016 and 31 March 2017

Type	Rate of Tax (Rand)
Companies	28% taxable income

Income Tax: Small Business Corporations for financial years ending on any date between 1 April 2016 and 31 March 2017

Taxable Income (Rand)	Rate of Tax (Rand)
0 – 75 000	0% of taxable income
75 001 – 365 000	7% of taxable income above 75 000
365 001 – 550 000	20 300 + 21% of taxable income above 365 000
550 001 and above	59 150 + 28% of taxable income above 550 000

Income Tax: Turnover Tax for Micro Businesses for financial years ending on any date between 1 March 2016 and 28 February 2017

Taxable Income (Rand)	Rate of Tax (Rand)
0 – 335 000	0% of taxable turnover
335 001 – 500 000	1% of taxable turnover above 335 000
500 001 – 750 000	1 650 + 2% of taxable turnover above 500 000
750 001 and above	6 650 + 3% of taxable turnover above 750 000

Taxations of Capital Gains

Capital gains on the disposal of assets are included in taxable income.

Events that trigger a disposal include a sale, donation, exchange, loss, death and emigration.

Inclusion and Effective rates

Category	Inclusion Rate	Maximum Effective Rate
Individuals and Special Trusts	40% of capital gain	16.4 %
Companies	80% of capital gain	22.4%
Other Trusts	80% of capital gain	32.8%

The following are some of the specific exclusions:

- ❑ R 2 million gain or loss on the disposal of a primary residence;
- ❑ most personal use assets;
- ❑ retirement benefits;
- ❑ payments in respect of original long-term insurance policies;
- ❑ annual exclusion of R 40 000 capital gain or capital loss is granted to Individuals and Special Trusts;
- ❑ small business exclusion of capital gains for Individuals (at least 55 years of age) of R 1.8 million when a small business with a market value not exceeding R 10 million is disposed of; or
- ❑ instead of the annual exclusion, the exclusion granted to Individuals is R 300 000 for the year of death.



Dividend Tax

Dividends tax is a final tax at a rate of 15% on dividends paid by resident companies and by non-resident companies in respect of shares listed on the JSE.

Dividends are tax exempt if the beneficial owner of the dividend is a South African company, retirement fund or other exempt person. Non-resident beneficial owners of dividends may benefit from reduced tax rates in limited circumstances. The tax is to be withheld by companies paying the taxable dividends or by regulated intermediaries in the case of dividends on listed shares.

The tax on dividends in kind (other than in cash) is payable and is borne by the company that declares and pays the dividend.

Other Taxes Duties and Levies

Value-Added Tax ("VAT")

VAT is levied at the standard rate of 14% on the supply of goods and services by registered vendors. A vendor making taxable supplies of more than R1 million per annum falls into a compulsory registration as a VAT vendor.

A vendor making taxable supplies of more than R50 000 but not more than R1 million per annum may apply for voluntary registration. Certain supplies are subject to a zero rate or are exempt from VAT. Refer to the South African Revenue Service guides for detail in relation to these items.

Estate Duty

Estate duty is levied at a flat rate of 20% on property of residents and South African property of non-residents.

A basic deduction of R3.5 million is allowed in the determination of an estate's liability for estate duty as well as deductions for liabilities, bequests to public benefit organisations and property accruing to surviving spouses.

Transfer Duty

Transfer duty is payable at the following rates on transactions which are not subject to VAT -

Value of Property (Rand)	Rate of Duty
0 – 750 000	0%
750 001 – 1 250 000	3% of the value above 750 000
1 250 001 – 1 750 000	15 000 + 6% of the value above 1 250 000
1 750 001 – 2 250 000	45 000 + 8% of the value above 1 750 000
2 250 001 – 10 000 000	85 000 + 11% of the value above 2 250 000
10 000 001 and above	937 500 + 13% of the value above 10 000 000

Donations Tax

Donations tax is levied at a flat rate of 20% on the value of property donated.

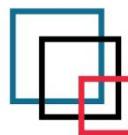
The first R100 000 of property donated in each year by a natural person is exempt from donations tax.

In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 per annum in total.

Dispositions between spouses and South African group companies and donations to certain public benefit organisations are exempt from donations tax.

Taxation made

easynédrio
Your business Our priority



Securities Transfer Tax

The tax is imposed at a rate of 0.25 of a per cent on the transfer of listed or unlisted securities. Securities consist of shares in companies or member's interests in close corporations.

Skills Development Levy

A Skills Development Levy is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers paying annual remuneration of less than R500 000 are exempt from the payment of Skills Development Levies.

Unemployment Insurance Contributions

Unemployment Insurance Contributions are payable monthly by employers on the basis of a contribution of 1 % by employers and 1 % by employees, based on employees' remuneration below a certain amount. Refer to the South African Revenue Service guides for this amount.



Tax Free Investment Accounts

As of 1 March 2015 South Africans can invest in tax free investments - an initiative of National Treasury to encourage people to save. Various investment accounts are available in the market.

- The returns or growth you earn on your investments are **completely tax free**.
- **Tax free investments give you flexibility**, as you don't have to commit to any future contributions. You can contribute a **lump sum or regular amounts**.
- You can invest up to **R30 000 in one tax year and R500 000 in total over your lifetime**.
- You have **flexible access** to your investment and there are **no exit penalties**.
- Tax free investments **only apply to new investments**.

SARS Interest Rates

Specific Interest Rates effective 1 March 2016

Classification	Rate per annum
Late or underpayment of tax	9.75% per annum
Refund of overpayment of provisional tax	5.75% per annum
Refund of tax on successful appeal or where the appeal was conceded by SARS	9.75% per annum
Refund of VAT after prescribed period	9.75% per annum
Late payment of VAT	9.75% per annum
Customs and Excise	9.75% per annum

The SARS official rate of interest (in terms of interest-free or low-interest loans) is 7.75% per annum with effect from 1 February 2016.



Why Synédrio Consulting Services

As an organisation we have adopted a philosophy of regarding your business and related operations as our own priority which indicates that we offer a quality service to all of our clients. We understand that at the outset we are providers of technical expertise and having the ability to solve problems however we want to quickly migrate into having the ability to put issues in context and to provide perspective and input even as it pertains to the strategy of your organisation ensuring that we do not merely offer a service as a consultant but rather as a trusted advisor.

Though an independent service provider, we believe in building strong relationships with all clients that allows for management to have the ability to consult with us on a broad range of issues. As trusted advisors we want our clients to turn to us when an issue first arises, often in times of great urgency: a crisis, a change, a triumph, or a defeat.

Our team selected for the engagement is mature business professionals with a number of years of experience and deep technical ability. To this end we believe that team assigned to this engagement will be a significant asset to your organisation.

The service approach assumed by Synédrio Consulting Services focuses primarily on exceeding our clients' expectations by taking a closer look at their business, the risks it faces and the way in which these risks are managed in accordance to the trusted advisor framework adopted by the firm.

Our approach encompasses the following:

Building a sustainable business relationship

Our approach takes the form of a combined effort based on mutual trust in which both parties can freely express and discuss their concerns in order to foresee and solve problems before they transform into major issues.

Access to expertise

Our firm focuses on offering a tailored solution to address all potential opportunities identified in relation to your business needs. We have an array of experts which are well-equipped in the specific field in which these teams operate.

Flexibility

Our procedures are developed in such a manner that they can easily be adjusted to meet your needs.

Continuous communication

Discussions with directors will be held to review the level of service provided and to discuss issues affecting your business and service needs.

Quick response times

As a most valued client you are assured of speedy responses to your requests.

Your business, our priority.

Building a sustainable business relationship
Mutual trust between our firm and our clients

Access to expertise
Qualified individuals with practical experience in an array of practical environments

Flexibility
We do not believe in a one-size fits all approach but rather a tailored specific solution.

Continuous communication
Communication on a regular basis forms the basis for a mutual trust relationship.

Quick response times
We strive to offer timely solutions within the allotted time framework assigned to an engagement.

Your Business Our Priority



Comprehensive Solution Offering

Consulting solutions

- Internal control design.
- Fixed asset register and maintenance.
- Risk management.
- Technical research and opinions.
- Due diligence.
- Valuations.
- Management accounting services.
- JSE IFRS advisor function.
- IFRS reviews.
- Talent management and training.

Accounting solutions

- Financial management.
- Payroll administration including Employment tax administration.
- Statutory financial reporting.
- Monthly accounting services.
- Management accounts.
- Budgeting and cash flow forecasting.
- Value-Added Taxation administration.

Tax-related solutions

- Corporate taxes.
- Capital gains tax (CGT).
- Value-added tax (VAT).
- PAYE, UIF and SDL taxes and levies.
- Provisional tax.
- Individual or personal tax.
- Tax planning.
- Tax research and opinions.

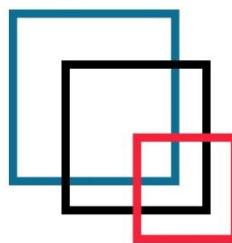
Statutory solutions

- Company registrations and conversions.
- Name reservations or changes.
- Amendments to company information.
- Filing of documents with the CIPC.
- Preparation and submissions of annual returns.
- Issue of share certificates and amendments.
- Maintaining the register of directors.
- Maintaining the shareholder register.
- Deregistrations.
- CIPC disclosure documentation.
- Registration of trusts.

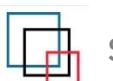
Contact us

Tel: +27(0)82 099 3677.

Email: office@synedrio.co.za.
tax@synedrio.co.za.



Synédrio
Consulting Services
Your business Our priority



Synédrio