SNG Grant Thornton

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Tax Guide

Information at your fingertips

2019/2020

Tax Services

We advise clients on a comprehensive range of tax related matters including tax risk policy formulation or review to ensure alignment to overall risk management strategy of your organisation, in country tax compliance, compliance with international tax laws and regulations, effective tax planning and related advisory service across a wide range of businesses and sectors.

Our experienced team is well equipped to provide up to date practical solutions to suit our client's needs. So whether you are seeking advice on the tax implications of a merger or acquisition, our tax specialists have the know-how and the extensive experience to meet your specific needs.

We specialise in:

- Corporate tax services: Tax compliance, mergers and acquisitions, taxation of share incentive schemes, dividends tax, cross border transactions, tax dispute resolution and litigation.
- Human resources (HR) tax services: Review and advise on tax treatment of international assignments, review of design, implementation and disclosure of cost-to-company, evaluating HR polices amongst others.
- Value-Added-Tax (VAT) services: Assistance with the compilation of procedures manuals, the design and implementation of appropriate internal controls to facilitate the proper management of all indirect tax compliance issues and the training of staff.
- Transfer pricing services

In this regard for further details on our service offerings, visit our website
www.sng-grantthornton.co.za

Use of this guide

All the information contained in this guide is correct as at the time of publication, i.e. on 20 February 2019. The information used was obtained from the Budget Speech delivered by the Minister of Finance; however the legislation finally enacted by Parliament may differ.

The information contained in this guide is for general guidance only and is not intended as a substitute for specific advice in considering the tax effects of particular transactions.

Whilst every care was taken in drafting this guide, we accept no liability for the consequences of any actions taken by readers based on the contents hereof.

Individuals and special trusts

Tax rates for the year of assessment: 2019/2020

Tax rates (year of assessment ending 28 February 2020)

Taxable Income (R)	Rate of Tax (R)
0 – 195 850	18% of taxable income
195851 – 305 850	35 253 + 26% of taxable income above 195 850
305 851 – 423 300	63 853+ 31% of taxable income above 305 850
423 301 – 555 600	100 263 + 36% of taxable income above 423 300
555 601 – 708 310	147 891 + 39% of taxable income above 555 600
708 311 – 1 500 000	207 448 + 41% of taxable income above 708 310
1 500 001 and above	532 041 + 45% of taxable income above 1 500 000

Tax rates for the year of assessment: 2018/2019

Tax rates (year of assessment ending 28 February 2019)

Taxable Income (R)	Rate of Tax (R)
0 – 195 850	18% of taxable income
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708 311 – 1 500 000	207 448 + 41% of taxable income above 708 310
1 500 001 and above	532 041 + 45% of taxable income above 1 500 000

Tax rebates and thresholds 2019/2020

Age	Rebates (R)	Thresholds (R)
Primary (below 65)	14 220	79 000
Secondary (65 and older)	7 795	122 300
Tertiary (75 and older)	2 601	136 750

Tax Rebates and Thresholds 2018/2019

Age	Rebates (R)	Thresholds (R)
Primary (below 65)	14 067	78 150
Secondary (65 and older)	7 713	121 000
Tertiary (75 and older)	2 574	135 300

Trusts other than special trusts

Tax rates for the year of assessment: 2019/2020

Tax rate (year of assessment ending 28 February 2020) – 45%

Tax rates for the year of assessment: 2017/2019

Tax rate (year of assessment ending 28 February 2020) – 45%

Exemptions

Interest
- Interest from a South African source earned by any natural person under 65 years of age, up to R23 800 (2019: R23 800) per annum, and persons 65 and older, up to R34 500 (2019: R34 500) per annum, is exempt from taxation.
- Interest is exempt where earned by non-residents who are physically absent from South Africa for at least 181 days during the 12 month period before the interest and the debt from which the interest arises is not effectively connected to a fixed place of business in South Africa.

Tax free savings account
Tax free savings accounts were introduced from 1 March 2015 as a measure to encourage household/individual savings. Individuals will be allowed to open multiple tax free savings accounts, however, they may only contribute up to a maximum of R33 000 (2019: R33 000) into these accounts within any given year. A lifetime contribution limit of R500 000 will apply. The returns accruing to these accounts will not be subject to income or dividends tax. Amounts within the tax free savings accounts may be withdrawn at any time. Where an individual contributes in excess of the prevailing annual or lifetime contribution limit in any year, a "penalty" (additional income tax) of 40 per cent on the amount of excess contribution will be levied by SARS on the individual.

Foreign Dividends
Most foreign dividends received by any person from foreign companies (shareholding of less than 10% in the foreign company) are taxable at a maximum effective rate of 20%.

No deductions are allowed for expenditure to produce foreign dividends.

Local Dividends
Dividends received or accrued from South African companies or JSE dual-listed non-resident companies are generally not subject to income tax. These local dividends are subject to Dividend Tax at 20% (2019: 20%).

Dividends earned from equity instruments issued by the employer in terms of the employment agreement including share incentive trust distributions are not exempt, subject to certain exclusions.

Dividends from REIT
Dividends paid by a real estate investment trust (REIT) to a resident are subject to income tax.

Restricted Deductions (Employees)
Employees or holders of office are restricted to deducting the following expenditure from their remuneration:
- Bad debts
- Deductions in respect of contributions to a pension fund or retirement annuity fund
- Donations to certain Public Benefit Organisations
- Doubtful debts allowance
- Home office expense, subject to requirements
- Legal expense
- Medical expense and medical aid contributions
- Premiums paid in terms of an allowable insurance policy
- Refunded awards for services rendered and refunded restraint of trade awards as from 1 March 2008
- Wear and tear allowance

Deductions (Individuals)

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, or
- Taxable income (both excluding retirement funds lump sum and severance benefits)

Furthermore, the deduction is limited to a maximum of R350 000. Any contributions exceeding the limitations are carried forward to the next tax year and deemed to be contributed in that following year.

Medical and disability expenses

In determining tax payable, individuals are allowed to deduct–

- Monthly contributions to medical schemes (a tax rebate referred to as a medical scheme fees tax credit) up to R310 2019: R310) for the individual who paid the contributions and the first dependant on the medical scheme and R209 (2019: R209) for each additional dependant; and in the case of–
  - An individual who is 65 and older, or if that person, his or her spouse or child is a person with a disability, 33.3% of qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 3 times the medical scheme fees tax credits for the tax year.
  - Any other individual, 25% of an amount equal to qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 4 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

Where recipients are obliged to spend at least one night away from their usual place of residence on business and the accommodation to which that allowance or advance relates is in the Republic and the allowance or advance is granted to pay for—

- Meals and incidental costs, an amount of R435 (2019: R416) per day is deemed to have been expended;
- Incidental costs only, an amount of R134 (2019: R128) for each day which falls within the period is deemed to have been expended.

Where the accommodation to which that allowance or advance relates is outside the Republic, a specific amount per country is deemed to have been expended. Details of these amounts are published on the SARS website under Legal Counsel / Secondary Legislation / Income Tax Notices.

Travelling allowance

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

Value of the Vehicle (including VAT)	Fixed Cost (R p.a)	Fuel Cost (c/km)	Maintenance Cost (c/km)
0 - 85 000	28 532	95.7	34.4
85 001 - 170 000	50 631	106.8	43.1
170 001 - 255 000	72 983	116.0	47.5
255 001 - 340 000	92 683	124.8	51.9
340 001 - 425 000	112 443	133.5	60.9
425 001 - 510 000	133 147	153.2	71.6
510 001 - 595 000	153 850	158.4	88.9
Exceeding 595 000	153 850	158.4	88.9

Note: 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. 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 the subject of 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. The actual distance travelled during a tax year and the distance travelled for business purposes substantiated by a log book are used to determine the costs which may be claimed against a travelling allowance.

Alternatively:

- Where the distance travelled for business purposes does not exceed 12 000 kilometres per annum, no tax is payable on an allowance paid by an employer to an employee up to the rate of 361 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 (other than for parking or toll fees) is received from the employer in respect of the vehicle.

Fringe Benefits

Employer-owned vehicles

- The taxable value is 3,5% of the determined value (the cash cost including VAT) per month of each vehicle.
- Where the vehicle is subject of a maintenance plan when the employer acquired the vehicle the taxable value is 3,25% of the determined value; or
- Acquired by the employer under an operating lease the taxable value is the cost incurred by the employer under the operating lease plus the cost of fuel.
- 80% of the fringe benefit 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.

- On assessment the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business purposes substantiated by a log book divided by the actual distance travelled during the tax year.
- On assessment further relief is available for the cost of licence, insurance, maintenance and fuel for private travel if the full cost thereof has been borne by the employee and if the distance travelled for private purposes is substantiated by a log book.

Interest-free or low-interest loans

The difference between interest charged at the official rate and the actual amount of interest charged, is to be included in gross income.

Residential accommodation

The value of the fringe benefit to be included in gross income is the lower of the benefit calculated by applying a prescribed formula or the cost to the employer if the employer does not have full ownership of the accommodation. The formula will apply if the accommodation is owned by the employer, but it does not apply to holiday accommodation hired by the employer from non-associated institutions.

Retirement fund lump sum withdrawal benefits

Taxable Income (R)	Rate of Tax (R)
0 – 25 000	0% of taxable income
25 001 - 660 000	18% of taxable income above 25 000
660 001 - 990 000	114 300 + 27% of the taxable income above 660 000
990 001 and above	203 400 + 36% of taxable income above 990 000

Retirement fund lump sum withdrawal benefits consist of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on withdrawal (including assignment in terms of a divorce order). Tax on a specific retirement fund lump sum withdrawal benefit (X) is equal to:

- Tax determined by applying the tax table to the aggregate of that lump sum X plus all other retirement fund lump sum withdrawal benefits accruing from March 2009, all retirement fund lump sum benefits accruing from October 2007 and all severance benefits received or accruing from March 2011; less
- tax determined by applying the tax table to the aggregate of all retirement fund lump sum withdrawal benefits accruing before lump sum X from March 2009, all retirement fund lump sum benefits accruing from October 2007 and all severance benefits received or accruing from March 2011.

Retirement fund lump sum benefits or severance benefits

Taxable Income (R)	Rate of Tax (R)
0 – 500 000	0% of taxable income
500 001 – 700 000	18% of taxable income above 500 000
700 001 – 1 050 000	36 000 + 27% of the taxable income above 700 000
1 050 001 and above	130 500 + 36% of taxable income above 1 050 000

Retirement fund lump sum benefits consists of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on death, retirement or termination of employment due to redundancy or termination of employer's trade. Severance benefits consist of lump sums from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person's office or employment. Tax on a specific retirement fund lump sum benefit or a severance benefit (Y) is equal to:

- Tax determined by applying the tax table to the aggregate of that lump sum or severance benefit Y plus all other retirement fund lump sum benefits accruing from October 2007, and all retirement fund lump sum withdrawal benefits accruing from March 2009 and all other severance benefits received or accruing from March 2011; less
- Tax determined by applying the tax table to the aggregate of all retirement fund lump sum benefits accruing before lump sum Y from October 2007, all retirement fund lump sum withdrawal benefits accruing from March 2009 and all severance benefits received or accruing before severance benefit Y from March 2011.

Provisional Tax

A provisional taxpayer is any person who earns income other than remuneration or an allowance or advance payable by the person's principal. With the amendments to the definition of the provisional taxpayer, any person who derives remuneration from an employer that is not registered for employees' tax with South African Revenue Service ("SARS") is deemed to be a provisional taxpayer.

An individual is exempt from the payment of provisional tax if the individual does not carry on any business and the individual's taxable income–

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

In additional to the annual tax return, as a provisional taxpayer you need to file the following:

First provisional tax return

The first provisional tax return and payment hereof (if any) are due within six months of the beginning of the year of assessment. The payment is one half of the total tax in respect of the estimated taxable income for the tax year is payable.

Second provisional tax return

The second provisional tax return and payment hereof (if any) are due the last day of the year of assessment. The payment is the total tax in respect of the estimated taxable income for the tax year is payable.

A two-tier model applies depending on the taxpayer's taxable income:

- Actual taxable income of R1 million or less - To avoid any penalty the basic amount may be used. If a lower estimate is used, this must be within 90% of the taxable income finally assessed.
- Actual taxable income exceeds R1 million - To avoid any penalty the estimate must be within 80% of the taxable income, excluding retirement fund lump sums, finally assessed.

If the above requirements are not met, a penalty of 20% is levied on the difference between the estimated tax and 90% of the actual tax (where the taxable income is R1 million or less), or 80% of the actual tax (where the taxable income exceeds R1 million), less the PAYE and provisional tax paid in the year of assessment. The penalty may be waived if the taxpayer can prove that due care has been taken in seriously calculating the estimate.

Third provisional payment

Third provisional payments must be made before 30 September in the case of a taxpayer with a February year end and within six months of other year ends to avoid interest being charged.

Deceased estates are not provisional taxpayers.

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

Dividends Tax

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax at a rate of 20% is withheld by the entities paying the dividends to the individuals.

Dividends received by South African resident individuals from REITs (listed and regulated property owning companies) are subject to income tax and non-residents in receipt of those dividends are only subject to dividends tax..

Non-resident beneficial owners of dividends may benefit from reduced tax rates in limited circumstances i.e. in terms of a tax treaty with the country of residence of a non-resident. 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 specie (other than in cash) is payable and borne by the company that declares and pays the dividend.

Other Withholding Taxes

In limited circumstances the applicable tax rate may be reduced in terms of a tax treaty with the country of residence of a non-resident.

Royalties

A final tax at a rate of 15% (2019: 15%) is imposed on the gross amount of royalties from a South African source payable to non-residents.

Interest

A final tax at a rate of 15% is imposed on interest from a South African source payable to non-residents. Interest is exempt if payable by any sphere of the South African government, a bank or if the debt is listed on a recognised exchange.

Foreign entertainers and sports-persons

A final tax at the rate of 15% is imposed on gross amounts payable to non-residents for activities exercised by them in South Africa as entertainers or sports-persons.

Disposal of immovable property

A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa to be set off against the normal tax liability of the non-residents. The tax to be withheld from payments to the non-residents is at a rate of 7.5% for a non-resident individual, 10% for a non-resident company and 15% for a non-resident trust that is selling the immovable property.

Residence Basis of Taxation

Residents are taxed on their worldwide income, subject to certain exclusions. Foreign taxes on that income are allowed as a credit against South African tax payable. This is applicable to individuals, companies, close corporations, trusts and estates.

Corporate Tax

Income tax: Companies

Financial years ending on any date between 1 April 2019 and 31 March 2020

Type	Rate of Tax
Companies	28% of taxable income

Income tax: Entities operating in Special Economic Zones

As from 27 January 2016, a company operating in a special economic zone, and as from 9 February 2017 certain companies located in an industrial development zone, will be able to qualify for a lower company tax rate of 15%.

In order to qualify the company must be formed and effectively managed in South Africa and generate at least 90% of its income within the zone.

Income tax: Small Business Corporations

Financial years ending on any date between 1 April 2019 and 31 March 2020

Taxable Income (R)	Rate of Tax (R)
0 – 79 000	0% of taxable income
79 000 – 365 000	7% of taxable income above 79 000
365 001 – 550 000	20 020 + 21% of taxable income above 365 000
550 001 and above	58 870 + 28% of the amount above 550 000

Financial years ending on any date between 1 April 2018 and 31 March 2019

Taxable Income (R)	Rate of Tax (R)
0 – 75 750	0% of taxable income
75 751 – 365 000	7% of the amount above 75 750
365 001– 550 000	20 248 + 21% of the amount above 365 000
550 001 and above	59 098 + 28% of the amount above 550 000

Currently gross income threshold for small business corporation is limited to R20 million effective from 1 April 2013.

Turnover Tax for Micro Businesses

Financial years ending on any date between 1 April 2019 and 31 March 2020

Taxable Income (R)	Rate of Tax (R)
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

Capital Allowances

Description	Allowance rate
Machinery and Equipment	
Farming or production of renewable energy	50%/30%/20%
Manufacturing Equipment	
New and unused manufacturing equipment acquired on or after 1 March 2002	40%/20%20%/20%
Used manufacturing equipment	20%
Manufacturing equipment brought into use for the first time on or after 1 April 2001, and used directly in the process of manufacturing (Small businesses only)	100%
Research and Development	
Acquired on or after 1 January 2012	50%/30%/20%
Buildings	
Industrial (manufacture or similar process)	
Commenced 1/7/96 – 30/9/99	10%
After 1 January 1989	5%
Other	2%
New and unused commercial buildings (and improvements) on or after 1 April 2007	5%
Computers	
Personal	33%
Mainframe servers	20%
Software	
Purchased software	33%
Self-developed software	100%
Vehicles	25%
Furniture and Fittings	16.7%

- “Small” items acquired at a cost of less than R7 000 (per item) may be written off in full in the year of assessment in which they are acquired and brought into use.

Taxation of Capital Gains

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

Financial years ending on any date between 1 March 2019 and 28 February 2020

Category of taxpayer	Inclusion rate %	Effective rate %
Individuals, special trusts and individual policy holder funds.	40.0	18
Other trusts	80.0	36
Companies	80.0	22.4

Events that trigger a disposal include a sale, donation, exchange, loss, death and emigration.
The following are some of the specific exclusions:

- R2 million gain/loss on the disposal of a primary residence
- Personal use assets (Certain exclusions apply)
- Retirement benefits
- Payments in respect of original long-term insurance policies.

An annual (non-cumulative) exclusion of R40 000 capital gain/loss is granted to individuals and special trusts. The exclusion granted to individuals is R300 000 in the year of death.

Small business exclusions of capital gains for individuals (at least 55 years of age) of R1.8 million when a small business with a market value not exceeding R10 million is disposed of.

Other Taxes, Duties and Levies

Value Added Tax (VAT)

VAT is levied on taxable supplies made by vendors registered for VAT purposes at either 15% effective 1 April 2018 (14% up to 31 March 2018) or 0% unless the supply qualifies to be exempt from VAT, such as financial services and educational services.

Vendors making taxable supplies in excess of R1 million are obliged to register for VAT.

Transfer Duty

Transfer duty is payable by all persons and entities on the acquisition of property on transactions, which are not subject to VAT at the following rates:

Value of property (R)	Rate (R)
0 – 900 000	0%
900 001 – 1 250 000	3% of the value above R900 000
1 250 001 – 1 750 000	R10 500 + 6% of the value above R1 250 000
1 750 001 – 2 250 000	R40 500 + 8% of the value above R1 750 000
2 250 001 – 10 000 000	R80 500 + 11% of the value above R2 250 000
10 000 001 and above	R933 000 + 13% of the value exceeding 10 000 000

Donations Tax

Donations tax is levied at a flat rate of 20% on the value of property disposed through a donation. However, the amount of donations exceeding R 30 million is taxed at a rate of 25%. Donations tax applies to any individual, company or trust that is a resident as defined in Section 1 of the Income Tax Act, 1962. A donation will be exempt if the total value of donations for a year of assessment does not exceed R10 000 for companies, trusts and R100 000 for individuals.

Securities Transfers Tax

Securities tax is levied at a rate of 0.25% on the transfer of listed or unlisted securities. Securities consist of shares in companies or members' interests in close corporations.

Tax on International Air Travel

R190 per passenger departing on international flights excluding flights to Botswana, Lesotho, Namibia and Swaziland, in which case the tax is R100.

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 Fund 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. Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

Employment Tax Incentive (ETI)

The ETI is an incentive aimed at encouraging employers to hire young and less experienced work seekers. It was implemented with effect from the 1st of January 2014. This incentive complements government programmes with similar objectives e.g. learnership agreements.

Monthly Remuneration (R)	ETI per month during the first 12 months of employment of the qualifying employee (R)	ETI per month during the next 12 months of employment of the qualifying employee (R)
0 - 2 000	50% of Monthly Remuneration	25% of Monthly Remuneration
2 001 - 4 500	1 000	500
4501 - 6 500	Formula: 1 000 – (0.5 × (Monthly Remuneration - 4 500))	Formula: 500 – (0.25 × (Monthly Remuneration – 4 500))

SARS Interest Rates

Rate of interest (from 1 December 2018)	Rate
Fringe benefits - interest-free or low-interest loan (official rate)	7.75% p.a.
Rates of interest (from 1 March 2019)	**Rate**
Late or underpayment of tax	10.25% p.a.
Refund of overpayment of provisional tax	6.25% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	10.25% p.a.
Refund of VAT after prescribed period	10.25% p.a.
Late payment of VAT	10.25% p.a.
Customs and Excise	10.25% p.a.

Summary of penalties and interests imposed by the Tax Administration Act (TAA)

Fixed Penalty – non compliance

The table below contains fixed monthly penalties imposed by the TAA for non-compliance. Where SARS is in possession of the taxpayers current address, the penalty is limited to 35 months and 47 months in any other case. The amount of penalty is based on the taxpayer's taxable income or assessed loss for the preceding year of assessment.

Item	Assessed loss or taxable income for "preceding year' (R)	Penalty (R)
(i)	Assessed loss	250
(ii)	0 - 250 000	250
(iii)	250 001 - 500 000	500
(iv)	500 001 - 1 000 000	1000
(v)	1 000 001 - 5 000 000	2 000
(vi)	5 000 001 - 10 000 000	4 000
(vii)	10 000 001 - 50 000 000	8 000
(viii)	Above 50 000 000	16 000

Understatement Penalty

The TAA provides for a tax penalty to be imposed on the taxpayer where tax has been understated based on the behaviour of the taxpayer involved. The behaviour is measured from substantial understatement to intentional tax evasion, per the table below:

Item	Behaviour	Standard case	If obstructive, or if it is a 'repeat case'	Voluntary disclosure after notification of audit	Voluntary disclosure before notification of audit
(i)	'Substantial understatement'	10%	20%	5%	0%
(ii)	Reasonable care not taken in completing return	25%	50%	15%	0%
(iii)	No reasonable grounds for ' tax position' taken	50%	75%	25%	0%
(iv)	Impermissible avoidance arranement	75%	100%	35%	0%
(v)	Gross negligence	100%	125%	50%	5%
(vi)	Intentional tax evasion	150%	200%	75%	10%

Percentage-based penalty

Tax	Incident	Penalty
Income Tax	When a South African resident buys immovable property from a non-resident seller and does not withhold and pay the fixed percentage to SARS	10%
Provisional Tax	Actual taxable income more than R1 million and estimate below 80%	20% of the difference between normal tax calculated on the 80% of actual taxable income and the employees tax and provisional tax paid by the end of the year of assessment
	Actual taxable income is R1 million rands or less and the estimate is less than 90% and the basic amount	20% of the difference between- (i) the lesser of- (aa) the normal tax calculated at 90% of the actual taxable income and (bb) the normal tax calculated in respect of the taxable income equal to the basic amount and; (ii) the employees tax and provisional tax paid by the end of the year of assessment
	Late or non-payment of provisional tax	10% of amount not paid tax
	Taxpayer fails to file an estimate	20%
Employers & employees' tax	Employees tax not paid, the employer will be liable for a penalty	10%
	UIF contributions not paid by the employer will attract a compulsory penalty	10%
VAT	Failing to pay by the 25th (for e-filers, last business day of the month for non-efilers)	10%

2019/2020 Budget Highlights

- Limited relief for the effect of inflation in adjusting Personal Income Tax rates, resulting in additional tax of R 12.8 billion.
- Increased Excise Duties on tobacco and alcohol.
- General Fuel Levy increases by 15 cents per litre and Road Accident Fund levy increases by 5 cents per litre on 3 April 2019.
- Carbon Tax of 9 cents per litre on petrol and 10 cents per litre on diesel with effective from 5 June 2019.
- Health promotion levy on sugary beverages increases by 2.21 cents per gram in excess of 4 grams of sugar per 100 mil effective from 1 April 2019.

Please visit our website for more information www.sng-grantthornton.co.za

About us

We're a network of independent assurance, tax and advisory firms, made up of 53,000 people in 140 countries. And we're here to help dynamic organisations unlock their potential for growth.

For more than 100 years, we have helped dynamic organisations realise their strategic ambitions. Whether you're looking to finance growth, manage risk and regulation, optimise your operations or realise stakeholder value, we can help you.

We've got scale, combined with local market understanding. That means we're everywhere you are, as well as where you want to be.

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offices locally

1 300+
employees in SA

Our distinctive client experience sets us apart

USD5.45bn (2018 revenue)

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Contact us

Find out how SNG Grant Thornton can help you unlock the potential for growth for your business.

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