

Individual income tax

Rates and rebates

All persons (including deceased estates) other than companies and trusts, but including "special trusts"



Taxable income Rates of tax – year of assessment ending on 28 February 2019

R	R	
0	– 195,850	18% of each R
195,851	– 305,850	35,253 + 26% of each R above 198,850
305,851	– 423,300	63,853 + 31% of each R above 305,850
423,301	– 555,600	100,263 + 36% of each R above 423,300
555,601	– 708,310	147,891 + 39% of each R above 555,600
708,311	– 1,500,000	207,448 + 41% of each R above 708,310
1,500,001+		532,041 + 45% of each R above 1,500,000

Ordinary trusts are taxed at a flat rate of 45%

Rebates	2017/18	2018/19
Primary	R13,635	R14,067
Secondary – 65 years and older	R 7,479	R 7,713
Third rebate – 75 years and older	R 2,493	R 2,574

Tax thresholds	2017/18	2018/19
Below 65	R 75,750	R 78,150
65 to below 75 years	R117,300	R121,000
75 years and older	R131,150	R135,300

Retirement fund lump sum – Withdrawal benefits

Lump sum amount	Rates of tax
R0	– R25,000 0%
R25,001	– R660,000 18% of each R above R25,000
R660,001	– R990,000 R114,300 + 27% of each R above R660,000
R990,001+	R203,400 + 36% of each R above R990,000

Retirement fund lump sum – Retirement benefits

Lump sum amount	Rates of tax
R0	– R500,000 0%
R500,001	– R700,000 18% of each R above R500,000
R700,001	– R1,050,000 R36,000 + 27% of each R above R700,000
R1,050,001+	R130,500 + 36% of each R above R1,050,000

Foreign dividends*

- Shareholding < 10% Maximum effective rate 20%
- Shareholding > 10% Exempt (subject to conditions)

*Applicable to all shareholders (whether individuals, trusts or companies)

Exemptions and deductions

Interest exemption	2017/18	2018/19
Under 65	R23,800	R23,800
65 years and older	R34,500	R34,500

Relief for medical expenses 2017/18 2018/19

All taxpayers:	Rebate per month	Rebate per month
• Taxpayer +	R303	R310
• First dependant	R606	R620
• Each additional dependant	R204	R209

Other medical expenses	Annual threshold	Annual rebate
• 65 years and older and disabled	33,3% of medical scheme contributions in excess of 3x medical scheme rebate and 33,3% of other expenses	33,3% of medical scheme contributions in excess of 3x medical scheme rebate and 33,3% of other expenses
• All other under 65s	25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses	25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses

Employees



Inclusions in monthly "remuneration" 2017/18 2018/19

Travel allowance:	2017/18	2018/19
Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%

Company car fringe benefit:

Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%

Travel allowances

* Taxpayers are required to record business travel in log book

Deemed cost rates per kilometre

Value of vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance
R	(R p.a.)	(c/km)	(c/km)
0	– 85,000	28,352	95.7
85,001	– 170,000	50,631	106.8
170,001	– 255,000	72,983	116.0
255,001	– 340,000	92,683	124.8
340,001	– 425,000	112,443	133.5
425,001	– 510,000	133,147	153.2
510,001	– 595,000	153,850	158.4
595,000+		153,850	158.4

Alternative rate table 2017/18 2018/19

Alternative deemed rate per km (subject to conditions)	355 c/km	361 c/km
--	----------	----------

This alternative rate is not available if compensation of an allowance or reimbursement is received (other than parking or toll fees)

Company cars (private use of employer-owned vehicle)

Taxable benefit per month	Taxable % (of determined value)
---------------------------	---------------------------------

Standard rate	3.5%
If the car is subject to a maintenance plan	3.25%

Deemed subsistence allowances and advances



	2017/18	2018/19
Meals and incidental costs (in SA)	R372 per day	R416 per day
Incidental costs only	R122 per day	R128 per day
Accommodation outside SA	Country rates published by Government Notice	Country rates published by Government Notice

All rates subject to periodic change

Companies



Company tax rates

	2017/18	2018/19
Normal income tax	28%	28%
Dividends tax	20%	20%

Small business corporation

Taxable income	Rate of tax
R	R
0	– 78,150 0%
78,151	– 365,000 7% of each R above 78,150
365,001	– 550,000 20,080 + 21% of each R above 365,000
550,001+	58,930 + 28% of each R above 550,000

Micro business – Turnover tax

Turnover	Tax liability
R	R
0	– 335,000 0%
335,001	– 500,000 1% of each R above 335,000
500,001	– 750,000 1,650 + 2% of each R above 500,000
750,001+	6,650 + 3% of each R above 750,000

Capital gains tax



Person	Inclusion rate %		Max effective rate %	
	2017/18	2018/19	2017/18	2018/19
Natural persons	40	40	18.0	18.0
Special trusts	40	40	18.0	18.0
Other trusts	80	80	36.0	36.0
Companies	80	80	22.4	22.4

Exclusions	2017/18	2018/19
Primary residence	R2m	R2m
Annual exclusion	R40,000	R40,000
Year of death	R300,000	R300,000
Small business exclusion for individuals over 55 years	R1.8m	R1.8m

VAT



Rate	2017/18	2018/19
Registration threshold:		
• Compulsory	R1m	R1m
• Voluntary	R50,000	R50,000

Payments to non-residents



Type of payment	Withholding tax
Dividends	20%
Interest	15%
Royalties	15%
Visiting entertainers and sports people	15%
Sale of immovable property in SA by a non-resident	Trust: 15% Company: 10% Natural person: 7.5%

Donations tax and estate duty

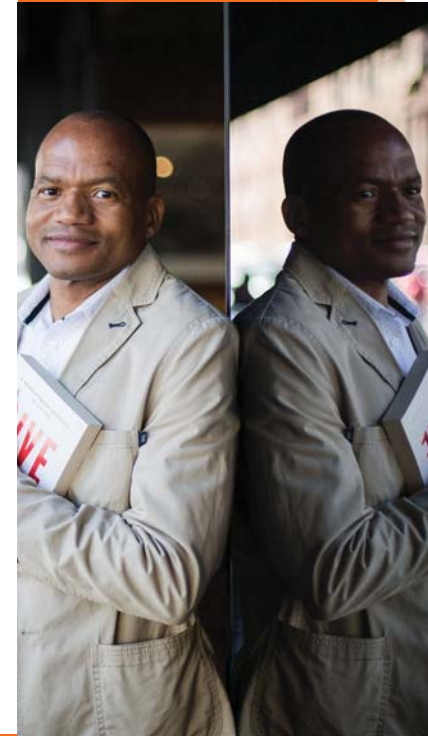


	2017/18	2018/19
First R30 million	20%	20%
Above R30 million	20%	25%
Donations tax exemption:		
Natural persons	R100,000	R100,000
Other	R 10,000	R 10,000
Estate duty abatement	R3.5m	R3.5m

Note: The R30 million threshold is effective from 1 March 2018.

Reimagine the possible

Budget 2018/2019



Percentage-based penalties

Tax area	Reason	Penalty
Provisional tax	1st or 2nd payment late	10%
Provisional tax	Underestimate	20%
Provisional tax	3rd payment late	0% (but interest potentially payable)
VAT	Late payment	10%
Employees' tax	Late payment	10%
	Late filing of EMP501	10%

Fixed penalties (per month): Administrative non-compliance

Taxable income for preceding year	Monthly penalty
Assessed loss	R 250
R 0	R 250
R 250,001	R 500
R 500,001	R 1,000
R 1,000,001	R 2,000
R 5,000,001	R 4,000
R 10,000,001	R 8,000
R50,000,001+	R16,000

Maximum successive penalties: 36 (SARS in possession of address) or 48 (SARS not in possession of address)

Administrative non-compliance is the failure to comply with an obligation imposed by or under a tax act and is listed in a public notice by the Commissioner. As at 24 February 2016, only the failure by a natural person to submit an income tax return (subject to further other conditions) was listed as a specified non-compliance.

Contacts

Africa Tax Leader Paul de Chalin paul.de.chalin@pwc.com	Tax Policy Leader Kyle Mandy kyle.mandy@pwc.com
	Southern Africa Tax Leader Jabu Masondo jabu.masondo@pwc.com

Visit www.pwc.co.za for details of our offices in South Africa.

The information contained in this booklet is based on our interpretation of the existing legislation and budget proposals. These proposals are subject to amendment during the forthcoming debate in the National Assembly before they become law. Whilst we have taken every care in preparing this booklet we cannot accept responsibility for any inaccuracies that may arise. We suggest that you use this booklet as a guide, but that you consult us before taking any decisions based on the information contained herein.

© 2018 PricewaterhouseCoopers ("PwC"), a South African firm, PwC is part of the PricewaterhouseCoopers International Limited ("PwCIL") network that consists of separate and independent legal entities that do not act as agents of PwCIL or any other member firm, nor is PwCIL or the separate firms responsible or liable for the acts or omissions of each other in any way. No portion of this document may be reproduced by any process without the written permission of PwC. (18-21689)

Transfer duty

Transferee	2018/19
Value of property	
• R0	0%
• R900,001	3% on value above R900,000
• R1,250,001	R10,500 plus 6% on value above R1,250,000
• R1,750,001	R40,500 plus 8% on the value above R1,750,000
• R2,250,001	R80,500 + 11% on the value above R2,250,000
• R10,000,001 +	R933,000 + 13% on the value above R10,000,000

Other rates

	2017/18	2018/19
Skills Development Levy:		
• Rate	1%	1%
• Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer and employee)	1% + 1%	1% + 1%

Interest rates

With effect from	Table 1* %	Table 2* %	Table 3** %
01/06/09	13.5	9.5	9.5
01/07/09	12.5	8.5	8.5
01/08/09	11.5	7.5	8.5
01/09/09	10.5	6.5	8.0
01/07/10	9.5	5.5	8.0
01/10/10	9.5	5.5	7.0
01/03/11	8.5	4.5	6.5
01/08/12	8.5	4.5	6.0
01/05/14	9.0	5.0	6.5
01/11/14	9.25	5.25	6.75
01/08/15	9.25	5.25	7
01/11/15	9.5	5.5	7
01/12/15	9.5	5.5	7.25
01/02/16	9.5	5.5	7.75
01/03/16	9.75	5.75	7.75
01/04/16	9.75	5.75	8
01/05/16	10.25	6.25	8
01/07/16	10.5	6.5	8
01/08/17	10.5	6.5	7.75
01/11/17	10.25	6.25	7.75

T1 – SARS pays interest to taxpayer in all instances other than T2 (including VAT refunds) AND taxpayer pays interest to SARS on late/under-paid taxes (including income tax and VAT)
T2 – SARS pays interest to taxpayer on provisional tax overpayment
T3 – Official rate of interest for tax purposes on fringe benefits

* Note: Rates are subject to change in terms of the Public Finance Management Act No.1 of 1999

** Note: Rates are subject to change when the SA Reserve Bank adjusts its inter-bank (REPO) rate

Understatement penalty

Behaviour	Standard case	Obstructive or repeat case	Voluntary disclosure after notification of audit or investigation	Voluntary disclosure before notification of audit or investigation
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable ground for "tax position"	50%	75%	25%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

Understatement means any prejudice to SARS or the fiscus as a result of:

- A default in rendering a return
- An omission from rendering a return
- An incorrect statement in a return
- Failure to pay correct amount of tax

The burden of proving the facts on which SARS based the imposition of the understatement penalty, is upon SARS.

Tax calendar

Withholding taxes (dividends, royalties and interest)	Last day of month following the month in which amount is paid
Provisional tax	
February year-end	
1st payment	6 months before year-end (31 Aug)
2nd payment	At year-end (end-February)
3rd payment	7 months after year-end (30 Sep)
Other than Feb	
1st payment	6 months prior to year-end
2nd payment	At year-end
Other taxes and levies	
VAT	25th of month after tax period (special e-filing rules)
PAYE	7th day of each following month
SDL	7th day of each following month