

Budget Speech 11th February 2009 – In a Nutshell

IN SHORT!	THIS YEAR	LAST YEAR
Income tax threshold increased : Below the age of 65 Aged 65 and over	R54 200 R84 200	R46 000 R74 000
Tax rebates increased : Primary (for everyone) Additional (age 65 and over)	R9 756 R5 400	R8 280 R5 040
Top margin tax bracket :	R525 000 40 %	R490 000 40 %
Tax-free interest income increased : Below the age of 65 Aged 65 and over	R21 000 R30 000	R19 000 R27 500
Social pensions increased : Monthly child support : Foster Care Grant :	R1 010 a month R240 a month R680 a month	R960 a month R230 a month R650 a month

PERSONAL INCOME TAX RATE AND BRACKET ADJUSTMENTS

THIS YEAR (2009/2010)	
TAXABLE INCOME (in Rands)	RATES OF TAX
0 – 132 000	18% of each R
132 001 – 210 000	R23 760 + 25% of the amount above R132 000
210 001 – 290 000	R43 260 + 30% of the amount above R210 000
290 001 – 410 000	R67 260 + 35% of the amount above R290 000
410 001 – 525 000	R109 260 + 38% of the amount above R410 000
525 001 and above	R152 960 + 40% of the amount above R525 000

INCOME TAX PAYABLE 2009/10 (TAXPAYERS YOUNGER THAN 65)

Taxable Income	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2009/2010 Saving per Annum
46 000	1 800	900	540	-	-	-
50 000	2 700	1 800	1 260	720	-	720
55 000	3 600	2 700	2 160	1 620	144	1 476
60 000	4 500	3 600	3 060	2 520	1 044	1 476
65 000	5 400	4 500	3 960	3 420	1 944	1 476
70 000	6 300	5 400	4 860	4 320	2 844	1 476
75 000	7 200	6 300	5 760	5 220	3 744	1 476
80 000	8 100	7 200	6 660	6 120	4 644	1 476
85 000	9 350	8 100	7 560	7 020	5 544	1 476
90 000	10 600	9 000	8 460	7 920	6 444	1 476
100 000	13 100	10 800	10 260	9 720	8 244	1 476
120 000	18 100	15 800	14 385	13 320	11 844	1 476
150 000	26 600	23 300	21 885	20 680	18 504	2 176
200 000	42 600	37 800	35 385	33 430	31 004	2 426
250 000	60 700	54 300	50 385	48 430	45 504	2 926
300 000	79 700	71 800	67 885	64 930	61 004	3 926
400 000	119 700	109 800	104 385	100 530	96 004	4 526
500 000	159 700	149 800	143 385	138 730	133 704	5 026
750 000	-	-	-	238 730	233 204	5 526

1 000 000	-	-	-	338 730	333 204	5 526
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**INCOME TAX PAYABLE 2009/10
(TAXPAYERS OLDER THAN 65)**

Taxable Income	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2008/2009 Saving per Annum
75 000	2 700	1 800	1 080	180	-	
80 000	3 600	2 700	1 980	1 080	-	
84 200	-	-	-	1 836	-	1 836
85 000	4 850	3 600	2 880	1 980	144	1 836
90 000	6 100	4 500	3 780	2 880	1 044	1 836
100 000	8 600	6 300	5 580	4 680	2 844	1 836
120 000	13 600	11 300	9 705	8 280	6 444	1 836
150 000	22 100	18 800	17 205	15 640	13 104	2 536
200 000	38 100	33 300	30 705	28 390	25 604	2 786
250 000	56 200	49 800	45 705	43 390	40 104	3 286
300 000	75 200	67 300	63 205	59 890	55 604	4 286
400 000	-	-	99 705	95 480	90 604	4 886
500 000	155 200	145 300	138 705	133 690	128 304	5 386
750 000	-	-	-	233 690	227 804	5 886
1 000 000	355 200	345 300	338 705	333 690	327 804	5 886

SOME OTHER USEFUL INFORMATION

Skills Development Levy:

- 1% of Payroll as from 1 April 2001 (no change for 2009/2010)
- Employers whose remuneration paid to employees is less than R500 000 per annum are exempt from paying SDL as from 1 August 2005 (no change for 2009/2010).

Retirement Annuity Fund Contributions:

- The deductible amount is the greater of:
 - 15% of non-pensionable net income (including investment income);
 - R3 500 less pension fund contributions;
 - R1 750.
- Arrear Retirement Annuity Fund Contribution :
 - maximum of R1 800 per annum. Any excess over R1 800 may be carried forward to the following year of assessment.

Pension Fund Contributions:

- The greater of:
 - 7,5% of pensionable earnings may be deducted;
 - R1 750
- Arrear Pension Fund Contribution :
 - maximum of R1 800 per annum. Any excess over R1 800 may be carried forward to the following year of assessment.

Donations to universities, technikons, schools and approved organisations:

- 10% of taxable income before deducting medical expenses

Medical & Physical Disability Expenses:

- Taxpayers 65 and older may claim all qualifying expenditure.
- Taxpayers under 65 are not taxed on, or may deduct, monthly contributions to medical schemes up to R625 for each of the first two dependants on their medical scheme and R380 for each additional dependant. In addition they can claim a deduction for medical scheme contributions above the caps and any other medical expenses limited to the amount which exceeds 7.5 % of taxable income.
- Taxpayers under 65 may claim all qualifying medical expenses, where the taxpayer or the taxpayer's spouse or child is a handicapped person.

Allowances

- Subsistence allowance and advances :
Where the recipient is obliged to spend at least one night away from his/her 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 paid or

granted to pay for

- meals and incidental costs, and amount of R260 per day is deemed to have been expended;
- Incidental costs only, an amount of R80.00 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, an amount equal to US\$215 per day is deemed to have been expended.

Estate Duty and Donations Tax:

- On or after 14 March 1996 25%
- On or after 1 October 2001 20%

Tax on Retirement Funds:

- 0% effective March 2007

Corporate tax rates:

- Rates of normal company tax are as follows :

Type of Company / Organisation	2009/2010 Percentage
Companies and Closed Corporations	28
Employment Companies	33
Branch profits tax (foreign resident companies)	33
Small businesses :	
First R54 200 of taxable income	0
R54 201 to 300 000 of taxable income	10
R300 001 and above of taxable income	R24 580 + 28% of the amount above R300 000

Capital Gains Tax:

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

Maximum effective rate of tax :	2009/2010 Percentage
Individuals	10
Companies	14
Trusts	20

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

The following are some of the specific exclusions :

- R1.5 million gain/loss on the disposal of a primary residence (R2 million or less)
- most personal use assets
- retirement benefits
- payments in respect of original long-term insurance policies
- annual exclusion of **R17 500** capital gain or capital loss is granted to individuals and special trusts.
- instead of the annual exclusion, the exclusion granted to individuals is R120 000 during the year of death

Residence – based taxation (no change this year):

- The residence-based system of taxation applies with effect from years of assessment commencing on or after 1 January 2001.

Value-Added Tax (no change this year):

- Standard rate on or after 7 April 1993 (no change this year) 14%

Official Rates:

The Minister of Finance set the deemed interest rate for purposes of calculating the taxable value of various loans as follows:	
1 December 1998	19%
1 May 1999	16%
1 September 1999	14.5%
1 March 2000	13%
1 October 2001	10.5%
1 September 2002	13.5%
1 March 2003	14.5%

1 December 2003	9.5%
1 September 2004	8.5%
1 September 2006	9.0%
1 March 2008	12%
1 September 2008	13%

Travelling Allowance:

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

Value of the vehicle (including VAT) (R)	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 traveled for private use and the balance, but not exceeding 14 000 kilometres, is travelled for business purposes.

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 kilometer 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.

60% of the travelling allowance must be included in the employee's remuneration for the purposes of calculating PAYE.

Fringe Benefits:

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

Transfer Duty:

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

- Acquisitions of property by natural persons :

Value of Property (R)	Rate
0 – 500 000	0%
500 001 – 1 000 000	5% of the value above R500 000
1 000 001 and above	R25 000 + 8% of the value exceeding R1 000 000

- Acquisitions of property by persons other than natural person :

8% of the value

Useful Tax Calendar:

When various payments are due:

STC	last day of the month following the month in which the dividend cycle ends.
VAT	25th day after end of the tax period (last working day if you are an e-Filer)
PAYE	7th day of each following month
SDL	7th day of each following month

If any of the above dates fall on a weekend or a public holiday, payment must be made on the immediately preceding working day.