

2012 / 2013



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Budget in a Nutshell

2012 / 2013

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1. In Short!

IN SHORT	THIS YEAR	LAST YEAR
Income Tax Threshold increased :		
Below the age of 65	R63 556.00	R59 750.00
Aged 65 and over	R99 056.00	R93 150.00
Aged 75 and over	R110 889.00	R104 261.00
Tax rebates increased :		
Primary (for everyone)	R11 440.00	R10 755.00
Secondary	R6 390.00	R6 012.00
Third (for aged 75 and over)	R2 130.00	R2 000.00
Top margin tax bracket :	R617 000.00 40%	R580 000.00 40%
Tax-free interest income increased :		
Below the age of 65 (no change)	R22 800.00	R22 800.00
Aged 65 and over (no change)	R33 000.00	R33 000.00
Foreign - Interest / Dividends (no change)	R3 700.00	R3 700.00
Social pensions increased :	R1 200.00	R1 140.00
Monthly child support :	R280.00	R260.00
Foster Care Grant :	R770.00	R740.00

2. Personal Income Tax Rate & Bracket Adjustments

THIS YEAR (2012/2013)	
TAXABLE INCOME (in Rands)	RATES OF TAX
0 – 160 000	18% of taxable income
160 001 – 250 000	R 28 800 + 25% of the amount above R160 000
250 001 – 346 000	R 51 300 + 30% of the amount above R250 000
346 001 – 484 000	R 80 100 + 35% of the amount above R346 000
484 001 – 617 000	R 128 400 + 38% of the amount above R484 000
617 001 and above	R 178 940 + 40% of the amount above R617 000

3. Income Tax Payable 2012 / 2013

3.1. Tax Payers YOUNGER than 65 years

Taxable Income	2011/2012	2012/2013	2012/2013 Saving per Annum
65 000	945	280	685
80 000	3 645	2 960	685
100 000	7 245	6 560	685
120 000	10 845	10 160	685
150 000	16 245	15 560	685
200 000	28 745	27 360	1 385
250 000	41 995	39 860	2 135
300 000	56 995	54 860	2 135
400 000	90 745	87 560	3 135
500 000	127 095	123 040	4 055
750 000	225 495	220 700	4 795
1 000 000	325 495	320 700	4 795

3.2. Tax Payers OLDER than 65 years but YOUNGER than 75 years

Taxable Income	2011/2012	2012/2013	2012/2013 Saving per Annum
120 000	4 833	3 770	1 063
150 000	10 233	9 170	1 063
200 000	22 733	20 970	1 763
250 000	35 983	33 470	2 513
300 000	50 983	48 470	2 513
400 000	84 733	81 170	3 583
500 000	121 083	116 650	4 433
750 000	219 483	214 310	5 173
1 000 000	319 483	314 310	5 173

3.3. Tax Payers OLDER than 75 years

Taxable Income	2011/2012	2012/2013	2012/2013 Saving per Annum
120 000	2 833	1 640	1 193
150 000	8 233	7 040	1 193
200 000	20 733	18 840	1 893
250 000	33 983	31 340	2 643
300 000	48 983	46 340	2 643
400 000	82 733	79 040	3 693
500 000	119 083	114 520	4 563
750 000	217 483	212 180	5 303
1 000 000	317 483	312 180	5 303

4. Other Useful Information

4.1. Skills Development Levy

- 1% of Payroll as from 1 April 2001 (no change for 2012 / 2013)
- 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 2012 / 2013).

4.2. Unemployment Insurance Fund

- Levied at 1% Employee and 1% Employer up to the maximum earnings ceiling of **R149 736.00** per annum. This will change sometime during the 2012 / 2013 year.

4.3. Retirement Annuity Fund Contributions

- The deductible amount is the greater of:
 - 15% of non-pensionable net income (including investment income) or;
 - **R3 500** less current pension fund contributions (including investment income) or;
 - **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.
- Proposed changes expected from March 2014 only.

4.4. Pension Fund Contributions

- The greater of:
 - 7,5% of pensionable earnings may be deducted or;
 - **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.
- Proposed changes expected from March 2014 only.

4.5. Retirement Funds – tax due on Benefits and Withdrawals

4.5.1. Lump Sum Benefits or Severance Benefits

THIS YEAR (2012/2013)	
TAXABLE INCOME (in Rands)	RATES OF TAX
0 – 315 000	0% of taxable income
315 001 – 630 000	18% of taxable income above 315 000
630 001 – 945 000	R56 700 + 27% of taxable income above R630 000
945 001 and above	R141 750 + 36% of taxable income above R945 000

4.5.2. Lump Sum Withdrawal Benefits

THIS YEAR (2012/2013)	
TAXABLE INCOME (in Rands)	RATES OF TAX
0 – 22 500	0% of taxable income
22 501– 600 000	18% of taxable income above 22 500
600 001– 900 000	R103 950 + 27% of taxable income above R600 000
900 001 and above	R184 950 + 36% of taxable income above R900 000

4.6. Donations to Universities, Technikons, Schools and Approved Organisations

- 20% of taxable income before deducting medical expenses

4.7. Medical & Physical Disability Expenses

- Taxpayers 65 and older may claim **all** qualifying expenditure.
- Taxpayers under 65 may claim **all** qualifying medical expenses where the taxpayer or the taxpayer's spouse or child is a person with a disability.
- Other taxpayers under 65 may in determining tax payable deduct monthly contributions to medical schemes (a tax rebate to be known as a medical scheme fees tax credit) up to **R230** for each of the taxpayer and the first dependant on the medical scheme and **R154** for each additional dependant. When determining taxable income they can also claim a deduction for medical scheme contributions exceeding four times the amount of the medical schemes fees tax credits and any other medical expenses limited to the amount which exceeds **7.5%** of taxable income (excluding retirement fund lump sums).

4.8. Subsistence Allowance

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 **R303** per day is deemed to have been expended;

- Incidental costs only, an amount of **R93.00** 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, a specific amount per country is deemed (see SARS table)

4.9. Employer Provided Accommodation

The basic formula for calculating the fringe benefit on Employer supplied accommodation is as follows :

$(A-B \times (C/100) \times (D/12)) - \text{where,}$

A = Employee's remuneration (i.e. gross in previous year excluding certain allowances e.g. Travel, Car etc);

B = an abatement factor (normally in line with tax threshold) – **R63 556.00** for 2012;

C = 17,18,19 = determined by no of rooms etc. (check the rules!);

D = Number of months during the tax year that the Employee has use of the accommodation.

4.10. Estate Duty & Donations Tax

4.10.1. 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 gifts not exceeding R10 000 per annum in total.
- Dispositions between spouses and donations to certain public benefit organisations are exempt from donations tax.

4.10.2. Estate Duty

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

4.11. Company Tax Rates

Rates of normal company tax are as follows :

Type of Company / Organisation	2012 / 2013 Percentage
Companies :	
Companies and Closed Corporations	28%
Employment Companies (Personal Service Providers)	28%
Branch profits tax (foreign resident companies)	28%
Small businesses :	
First R63 556 of taxable income	0%
R63 557 to 350 000 of taxable income	7% of the amount above R63 556
R350 001 and above of taxable income	20 051 + 28% of the amount above 350 000
Micro business (for financial year ending February 2013):	

0 – 150 000 taxable turnover	0%
150 001 – 300 000 taxable turnover	1% of the amount above 150 000
300 001 – 500 000 taxable turnover	1 500 + 2% of the amount above 300 000
500 001 – 750 000 taxable turnover	7 500 + 4% of the amount above 500 000
750 001 and above taxable turnover	20 500 + 6% of the amount above 750 000

4.12. Capital Gains Tax

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

Maximum effective rate of tax :	2012 / 2013 Percentage
Individuals	13.3%
Companies	18.6%
Trusts	26.7%

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

The following are some of the specific exclusions :

- **R2.0 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 **R30 000** capital gain or capital loss is granted to individuals and special trusts
- exclusion on death of **R300 000**
- small business exclusion for individuals (over 55) of **R1 800 000**

4.13. Residence Based Taxation

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

4.14. Value Added Tax

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

4.15. Official Rate of Interest

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%
1 September 2009	8%
1 October 2010	7%
1 March 2011	6.5%

4.16. Travelling Allowance

Rates per kilometre 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 – 60 000	19 492	73.7	25.7
60 001 – 120 000	38 726	77.6	29.0
120 001 – 180 000	52 594	81.5	32.3
180 001 – 240 000	66 440	89.6	36.9
240 001 – 300 000	79 185	102.7	45.2
300 001 – 360 000	91 873	117.1	53.7
360 001 – 420 000	105 809	119.3	65.2
420 001 – 480 000	119 683	133.6	68.3
Exceeding 480 000	119 683	133.6	68.3

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 **8 000 kilometres** per annum, no tax is payable on an allowance paid by an Employer to an Employee up to the rate of **316 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.

4.17. Fringe Benefits

4.17.1. 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 the subject of a maintenance plan at the time that the Employer acquired the vehicle the taxable value is **3,25%** of the determined value.
- **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.

4.18. 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 – 600 000	0%
600 001 – 1 000 000	3% of the value above R600 000
1 000 001 – 1 500 000	R12 000 + 5% of the value exceeding R1 000 000
1 500 001 and above	R37 000 + 8% of the value exceeding R1 500 000

Acquisitions of property by persons other than natural person : 8% of the value

4.19. Useful Tax Calendar

When various payments are due:	
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
UIF	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.

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2012 / 2013**