

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 2017	
R	R	
0 – 188,000	18% of each R	
188,001 – 293,600	33,840	+ 26% of each R above 188,000
293,601 – 406,400	61,296	+ 31% of each R above 293,600
406,401 – 550,100	96,264	+ 36% of each R above 406,400
550,101 – 701,300	147,996	+ 39% of each R above 550,100
701,301+	206,964	+ 41% of each R above 701,300

Ordinary trusts are taxed at a flat rate of 41%

Rebates	2015/16	2016/17
Primary	R13,257	R13,500
Secondary – 65 years and older	R 7,407	R 7,407
Third rebate – 75 years and older	R 2,466	R 2,466

Tax thresholds	2015/16	2016/17
Below 65	R 73,650	R 75,000
65 to below 75 years	R114,800	R116,150
75 years and older	R128,500	R129,850

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 15%
- Shareholding > 10% Exempt (subject to conditions)

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

Exemptions and deductions

Interest exemption	2015/16	2016/17
Under 65	R23,800	R 23,800
65 years and older	R34,500	R 34,500

Relief for medical expenses	2015/16	2016/17
All taxpayers:		
Medical scheme contributions	Rebate per month	Rebate per month
• Taxpayer +	R270	R286
• First dependant	R540	R572
• Each additional dependant	R181	R192

Other medical expenses	Annual threshold	Annual rebate
• 65 years and older & disabled	None	33,3% of medical scheme contributions in excess of 3x medical scheme rebate and 33,3% of other expenses
• All other under 65s	7,5% of taxable income	25% of aggregate of medical scheme contributions in excess of 4x medical scheme rebate and other expenses

Employees

Inclusions in monthly "remuneration"	2015/16	2016/17
Travel allowance:		
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 R)	Fixed cost (R p.a.)	Fuel cost (c/km)	Maintenance (c/km)
0 – 80,000	26,675	82.4	30.8
80,001 – 160,000	47,644	92.0	38.6
160,001 – 240,000	68,684	100.0	42.5
240,001 – 320,000	87,223	107.5	46.4
320,001 – 400,000	105,822	115.0	54.5
400,001 – 480,000	125,303	132.0	64.0
480,001 – 560,000	144,784	136.5	79.5
560,000+	144,784	136.5	79.5

Alternative rate table	2015/16	2016/17
Alternative deemed rate per km (subject to conditions)	318 c/km	329 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

	2015/16	2016/17
Meals and incidental costs (in SA)	R353 per day	R372 per day
Incidental costs only	R109 per day	R115 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

	2015/16	2016/17
Normal income tax	28%	28%
Dividends tax	15%	15%

Small business corporation

Taxable income	Rate of tax
R	R
0 – 75,000	0%
75,001 – 365,000	7% of each R above 75,500
365,001 – 550,000	20,300 + 21% of each R above 365,000
550,001+	59,150 + 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 %	
	2015/16	2016/17	2015/16	2016/17
Natural persons	33.3	40	13.65	16.40
Special trusts	33.3	40	13.65	16.40
Other trusts	66.6	80	27.31	32.80
Companies	66.6	80	18.6	22.40

Exclusions	2015/16	2016/17
Primary residence	R2m	R2m
Annual exclusion	R30,000	R40,000
Year of death	R300,000	R300,000
Small business exclusion for individuals over 55 years	R1.8m	R1.8m

VAT

	2015/16	2016/17
Rate	14%	14%
Registration threshold:		
• Compulsory	R1m	R1m
• Voluntary	R50,000	R50,000

Payments to non-residents

Type of payment	Withholding tax
Dividends	15%
Interest	15%
Royalties	15%
Visiting entertainers & sports people	15%
Sale of immovable property in SA by a non-resident	Trust: 10% Company: 7.5% Natural person: 5%

Donations tax and estate duty

	2015/16	2016/17
Rate	20%	20%
Donations tax exemption:		
Natural persons	R100,000	R100,000
Other	R10,000	R10,000
Estate duty abatement	R3.5m	R3.5m

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 250,000	R 250
R 250,001 – R 500,000	R 500
R 500,001 – R 1,000,000	R 1,000
R 1,000,001 – R 5,000,000	R 2,000
R 5,000,001 – R 10,000,000	R 4,000
R 10,000,001 – R 50,000,000	R 8,000
R 50,000,001+	R 16,000

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	National Tax Technical Leader
Paul de Chalain paul.de.chalain@za.pwc.com	Kyle Mandy kyle.mandy@za.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.

© 2016 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. (16-18453)

Transfer duty

Transferee	2016/17
Value of property	
• R0 – R 750,000	0%
• R750,001 – R 1,250,000	3% on value above R750,000
• R1,250,001 – R 1,750,000	R15,000 plus 6% on value above R1,250,000
• R1,750,001 – R 2,250,000	R45,000 plus 8% on the value above R1,750,000
• R2,250,001 – R 10,000,000	R85,000 + 11% on the value above R2,250,000
• R10,000,001+	R937,500 + 13% on the value above R10,000,000

Other rates

	2015/16	2016/17
Skills Development Levy:		
• Rate	1%	1%
• Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer & employee)	1% + 1%	1% + 1%

Interest rates

With effect from	Table 1*	Table 2*	Table 3**
	%	%	%
01/03/09	15.0	11.0	11.5
01/05/09	13.5	9.5	11.5
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

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

Turbulent times Budget 2016/2017

