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EMPLOYEES' TAX

PERSONAL USE OF BUSINESS CELL PHONES AND COMPUTERS

The Revenue Laws Amendment Act, 2008 removed the taxable value that was placed on private use of telephones or computer equipment provided by an employer.

The exclusion is applicable with effect from the commencement of years of assessment ending on or after 1 January 2009 to all telephone and computer equipment, including:

- Modems on fixed lines of all kinds (e.g. dialup, ADSL, datalines)
- Removable storage devices of all kinds
- Printers and office related software (e.g. MS Office, operating systems, development tools, management tools).

A further exclusion removes the taxable value previously placed on the private use of communication services provided by an employer. This would include telephone line rentals and subscriptions for internet access.

The exclusion will apply in situations where the employer pays for the use of these assets or services. There is also no fringe benefit where the employee is reimbursed for the cost of the use of the asset or service on the employer receiving the necessary receipts.

Where, however, the amount of reimbursements the employer makes to the employee is the full amount of the expense with no analysis of business and private use, SARS may attach a value to that benefit. Also, where a cash allowance is provided to an employee to pay for the use of the assets or service, this exclusion will not apply and the amount of the allowance will be fully taxable.

DEEMED BUSINESS KILOMETRES REGIME:

The deemed business kilometres regime where the first 18 000 km are deemed to be private, and the business kilometres are therefore capped at 14 000 km will be scrapped as from 1 March 2010. This means that you have to keep a logbook to enable you to claim against your travel allowance. The 80% (previously 60%) of the travel allowance will also be subject to monthly PAYE.

WE WILL SHORTLY BE CIRCULATING COMPREHENSIVE DETAILS OF IMPORTANT AMENDMENTS TO PAYE WHICH ARE EFFECTIVE IMMEDIATELY.

SECOND PROVISIONAL TAX PAYMENT:

A new two tier approach has been adopted for provisional tax as follows :-

- smaller taxpayers:- Taxable income less than R 1 million.
Return to the old “basic amount” safe-harbour system
This includes the 20% penalty for estimating below the lesser of “basic amount” and 90% of actual taxable income.
The basic amount will include an automatic annual 8% increase
- larger taxpayers: - Taxable income over R 1 million
Based on 80% of actual taxable income for the current year
20% penalty for underpayment that will be made discretionary

ADMINISTRATIVE PENALTIES:

It has been legislated for South African Revenue Services to impose strict larger administrative penalties in respect of “non-compliance.”

There are two types of penalties, being a “fixed amount penalty” and “percentage based penalty”.

Please check your tax returns and other information to ensure the correct information will be submitted to South African Revenue Services.

Hereunder is a “few” non-compliance offences (fixed amount penalty) which we would like to point out to you;

- failure to submit a return or other related documents or information as and when required under the Act
- failure to register as a taxpayer
- failure by an employer to supply details of an employee
- failure by a company to appoint a Public Officer within one month of trading and any changes to a Public Officer if SARS is not notified within 14 days.

A “few” Percentage based Penalties

- amount of employees tax not paid as and when the employer was required to do
- provisional tax not paid as and when required

VALUE ADDED TAX:

Vat thresholds. The vat threshold increased from 1 March 2009 to R 1 million. As from the 1 March 2009 VAT registrations with taxable supplies less than R 20 000 per annum, as per South African Revenue Services’ records on the 31 December 2008, will be cancelled, the minimum threshold has been increased to R 50 000.

Zero rated contracts. The contract (sale/purchase) should state that the transaction is ‘zero-rated’. If not stated in contract, the transaction will be regarded as a vat-able transaction. An addendum can be added to the contract as long as it is within the same VAT period.

If you would like to discuss any of the above in more detail, please contact us as the list is not exhausted.

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<http://www.sagoodnews.co.za/>



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