

What is Turnover Tax?

Turnover Tax is a simplified system aimed at making it easier for small businesses to meet their tax obligations. It replaces Income Tax, VAT, Provisional Tax, Capital Gains Tax and Dividends Tax for small businesses with a qualifying annual turnover of up to R2.3 million. A small business that was registered for Turnover Tax from March 2012 can elect to remain in the VAT system.

Small businesses that qualify for Turnover Tax must register for Pay-As-You Earn (PAYE) if they have employed qualifying employees.

What are the benefits of Turnover Tax?

- Reduced administrative and compliance burden
- Reduced tax rates as tax is calculated on turnover instead of profit
- Tax savings for qualifying small businesses



Who qualifies for Turnover Tax?

Registration for Turnover Tax system is optional. Any small business with an annual turnover of R2.3 million or less may apply to register. The following taxpayers may qualify:

- Individuals (sole proprietors)
- Partnerships
- Close corporations
- Companies
- Cooperatives



When and How does one register for Turnover Tax?

A person qualifying as a small business may apply to register as a small business with SARS by doing the following:

- You may apply to register before the beginning of a year of assessment, or
- Within two months from the date of commencement of business activities during the course of the year of assessment.
- Register for Turnover Tax on the SARS Online Query System (SOQS).

Download the application form (TT01) from the SARS website www.sars.gov.za and submit it via the following channels.

- At a SARS branch after making an eBooking on the SARS website www.sars.gov.za
- Via email using the following addresses applicable to you:
 - Tax Practitioners: pcc@sars.gov.za
 - Taxpayers: contactus@sars.gov.za
- SARS will process the application and provide feedback, as a small business cannot be registered for only a part of the year of assessment.

When does one pay for Turnover Tax?

- The first payment is due 6 months after your tax year begins.
- The second payment is due at the end of your tax year.
- Final payment is after the annual TT03 – Turnover Tax Return is submitted and processed.

The first two interim payments using the payment advice (TT02) must be made based on the estimated taxable turnover of the business for that tax year. After the end of the tax year, a Turnover Tax return (TT03) that reflects the actual taxable turnover of the business must be completed and submitted. Any shortfalls or overpayments then become payable or refundable.



The Beneficiary ID and payment reference number are essential and must be quoted. To get the Payment Reference Number (PRN) please complete the Payment Advice form (TT02), which can be accessed from SARS website at www.sars.gov.za.

Interest and penalties

Should a small business fail to pay any Turnover Tax when it is payable to SARS, interest will be charged at the prescribed rate from:

The prescribed rate is payable on the amount of Turnover Tax that should have been paid until the earlier of:

- The date on which the shortfall is received by SARS; and
- The last day of the year of assessment (in the case of a first interim payment) or the due date of the assessment for that year of assessment (in the case of a second interim payment)

A penalty will be imposed if an estimate of the taxable turnover for the second interim payment is less than 80% of the actual taxable turnover for a year of assessment. The penalty to be charged will be determined at 20% of the difference between:

- The tax payable on 80% of the taxable turnover; and
- The tax payable on the estimate that was initially calculated

A penalty will not be imposed if SARS has issued an assessment for a payment due at the end of a year of assessment (second interim payment).

Record Keeping

A big advantage of turnover tax is the reduced record-keeping requirements. The following records must be kept for a minimum of five years from the date of submission:

- Records of all amounts received
- Records of dividends declared
- A list of each asset with a cost price of more than R10 000 at the end of the year of assessment
- Each liability at the end of a year of assessment exceeding R10 000

For more information, you may:

- Visit the small business and tax page on the SARS website at www.sars.gov.za.
- Call the SARS Contact Centre
 - If calling locally, on 0800 007277
 - If calling from abroad, on +27 11 602 2093 (only between 8am and 4pm South African Standard Time)
- Send an email to contactus@sars.gov.za

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