

Does your extra income qualify you for provisional tax?

Know if you are a provisional taxpayer to file your second provisional tax return (IRP6) by 28 February 2023

Disclaimer: This article is written for individual taxpayers for an easier understanding of their tax obligations. The article is not legally binding and does not replace legislation. Where in doubt, the relevant tax legislation must be consulted.

Introduction

Individual provisional taxpayers are required to submit their second provisional tax return (IRP6) at the end of this month (February). This is for the tax year 2023, which runs from 1 March 2022 to 28 February 2023. If you are unsure whether you are a provisional taxpayer or SARS has recently informed you that you are, continue reading.

Key things to know

Your provisional taxpayer status changes as your income changes. For example, you may have a tenant renting a property from you and receive rental income, and the next year you may not. Check each tax year to see whether your income and income sources qualify you as a provisional taxpayer. Why should you check? A provisional taxpayer has specific tax obligations, which if not met, may attract penalties.

Tip: Earning extra income above your salary does not automatically make you a provisional taxpayer. Your income must meet the requirements. See below.

Tax terms

- Taxable income refers to the amount that tax will be calculated on. It equals your total income (gross income minus exempt income) minus allowable deductions plus taxable capital gains.
- Tax liability refers to the tax debt you owe.

What is provisional tax

Provisional tax is not a separate tax to income tax. It is a method of paying your income tax liability in advance to avoid a large tax debt on assessment. You are required to estimate your taxable income for the tax year and spread your provisional tax liability over the tax year in at least two payments. A third top-up payment may apply if the first two payments were inadequate to cover the tax liability payable for the tax year. Your first provisional tax return is due on the last business day of August and the second is due on the last business day of February.

Who qualifies for provisional tax (requirements)

Here are requirements for provisional tax. Please refer to the SARS website for the [complete legal definition and requirements for provisional tax](#).

- Any person who receives income (or to whom income accrues) other than remuneration, is a provisional taxpayer. Most salary earners are therefore not-provisional taxpayers **if** they have no other sources of income that qualify for provisional tax.
- If you are self-employed, you are a provisional taxpayer.
- If you earn remuneration from an employer who is not registered for employees' tax (for example, an embassy is not obligated to register as an employer, and many non-resident employers who employ staff in South Africa do not register).
- If your taxable income earned from interest, renting out fixed property, foreign dividends, and remuneration from an employer who is not registered for tax is more than R30 000. Note that if you receive income from one of these sources, and your taxable income from these sources is less than R30 000, you do not qualify as a provisional taxpayer.
- If you are informed by SARS that you are a provisional taxpayer.
- You are not a provisional taxpayer if you do not earn income from running a business and your taxable income does not exceed the tax threshold (for the 2023 tax year, the threshold is R91 250 for taxpayers under the age of 65, R141 250 for taxpayers aged 65 to 75, and R157 900 for taxpayers aged 75 and over).

Tax obligations for provisional taxpayers

1. Individual provisional taxpayers are required to file a provisional tax return (IRP6) after the first six months of the tax year (due on the last business day of August) and at the end of the tax year (due on the last business day of February).
2. Activate your provisional tax status on your eFiling profile.
3. Request your provisional tax return, known as an IRP6 return, on your eFiling profile.

Tip: Refer to the SARS website for the [definition and requirements of a provisional taxpayer](#) and how to calculate your tax payable. You may also copy this URL into your browser: <https://www.sars.gov.za/types-of-tax/provisional-tax/>.