

# South African Revenue Service

## Tax Simplified



Thank you for walking this journey with us



# Welcome to the National Treasury and SARS Youth Webinar

## Purpose:

This presentation is merely to provide information in an easily understandable format and is intended to make the provisions of the legislation more accessible

## Disclaimer:

The information therefore has no binding legal effect and the relevant legislation must be consulted in the event of any doubt as to the meaning or application of any provision.



# Tax Morality

Why are we paying taxes?

Government has a social responsibility towards citizens of this country



Social responsibility can only be fulfilled if the necessary taxes have been paid by the people earning taxable income in this country



# Tax Morality

## Why are we paying taxes?



Every government is mandated to provide basic services to citizens



Basic services include:

- Education
- Health
- Welfare (Child Grants/Old Age Pensions)
- Policing



Every citizen enjoys the benefits of one or other government basic services

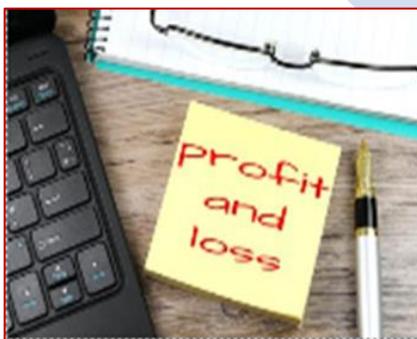
# What is Income Tax?

Income tax is the normal tax that is paid on your taxable income. Examples of amounts an individual may receive, and from which the taxable income is determined, include:



Employment  
Income  
(Salary,  
Bonus,  
Overtime)

Investment  
Income  
(Interest,  
Dividends,  
Foreign  
Interest)



Business  
Income  
(Trade,  
Renting of  
property,

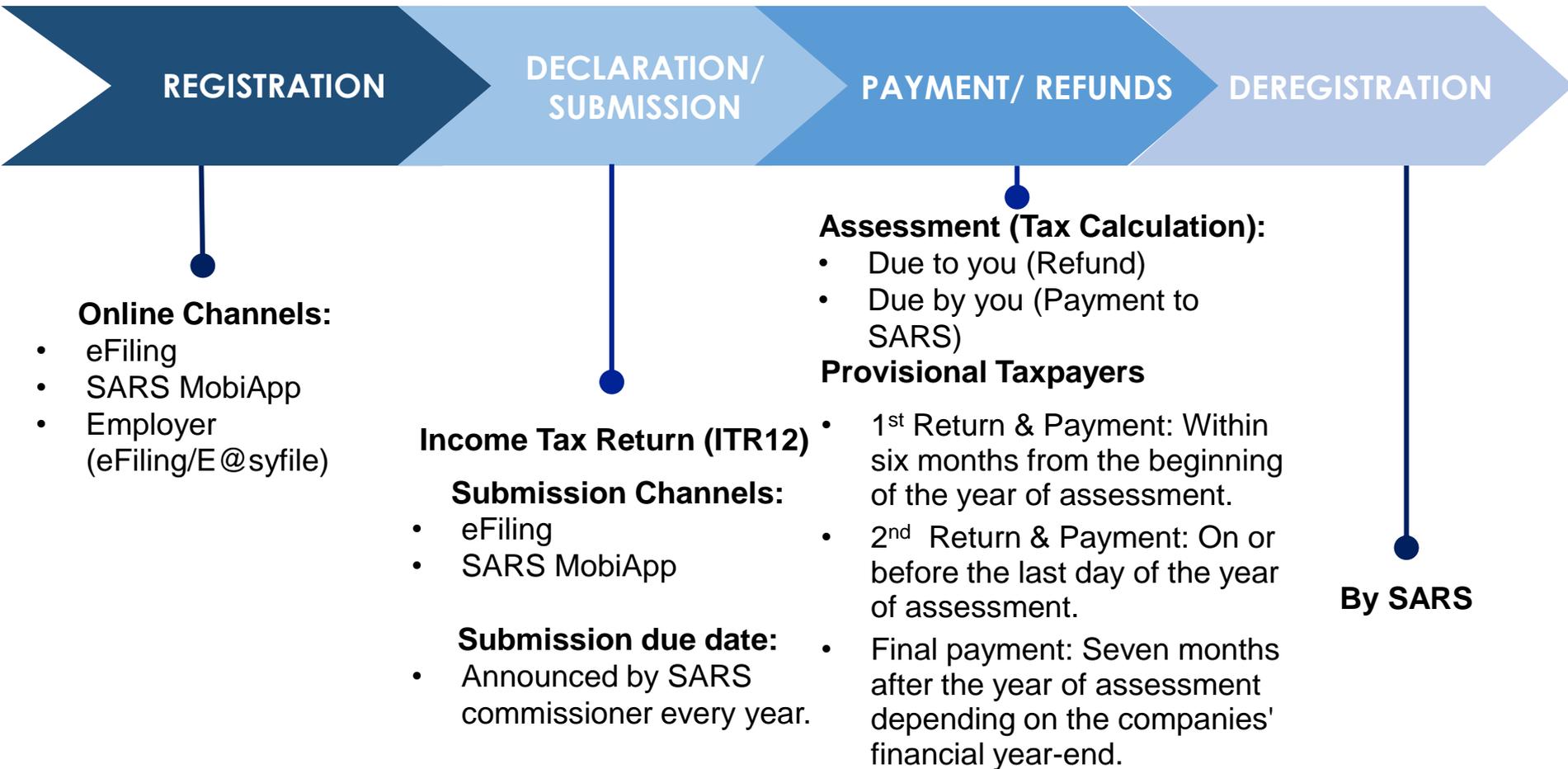
Social Media  
Income  
(YouTube,  
Blogs, TikTok)



# Taxpayer Obligations

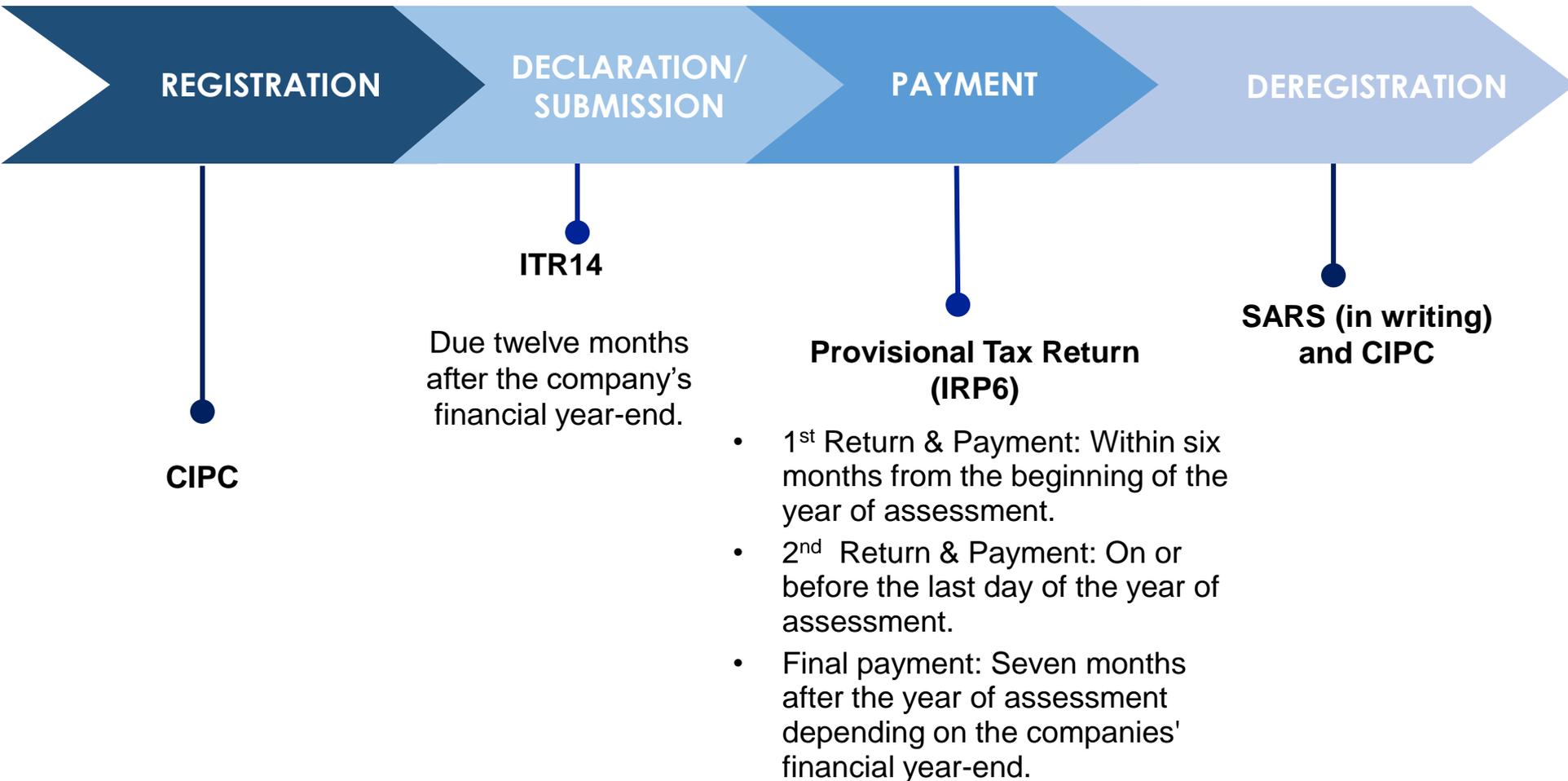
# Individual Income Tax: Value Chain

## South African Revenue Service (SARS)



# Companies Income Tax: Value Chain

## Companies Intellectual Property Commission (CIPC)



# Employers - Pay-As-You-Earn: Value Chain

## REGISTRATION

- Only register for PAYE if there is tax to be deducted, within 21 days of becoming an Employer.
- SARS eFiling (RAV01).

## PAYMENT

- Payment due on 7<sup>th</sup> of every month with EMP201 declaration.

## DECLARATION/SUBMISSION

- EMP201 return due on the 7<sup>th</sup> of every month

### Note:

- Bi-annual reconciliation (08) due end of October.
- Final reconciliation (02) due end of May.

## DEREGISTRATION

- eFiling (SARS Registered Details>Registration Maintenance)
- SARS Branch office via appointment (EMP123e Form)

# Value Added Tax (VAT): Value Chain

## REGISTRATION

### Two Categories

- Voluntary registration (R50 000 taxable supplies)
- Compulsory registration (R1 million taxable supplies)

## DECLARATION/SUBMISSION

- On or before the 25<sup>th</sup> of the month
- eFiling submission on or before the last business day of the month

## PAYMENT

- On or before the 25<sup>th</sup> of the month
- eFiling submission on or before the last business day of the month

## DEREGISTRATION

- Vendors who have ceased trading
- Who wishes to apply for deregistration (i.e. voluntary deregistration)

# Comparison: Company vs Natural Person

## Companies

**Total Income**

## Individuals

Companies' Income:  
Less Expenses  
= **Profit / Loss**

Individual's Salary: Less  
deductions/expenses  
= **Taxable Income**

Taxed in the hands of the  
company

Taxed in the hands of the  
member

**Tax at 28/27%**

**Tax according to  
tax tables**

# Rates of Tax

# Individuals and special trusts

Tax rates from 1 March 2022 to 28 February 2023

Taxable Income (R)	Rate of Tax (R)
1 – 226 000	18% of taxable income
226 001 – 353 100	40 680 + 26% of taxable income above 226 000
353 101 – 488 700	73 726 + 31% of taxable income above 353 100
448 701 – 641 400	115 762 + 36% of taxable income above 488 700
641 401 – 817 600	170 734 + 39% of taxable income above 641 400
817 601 – 1 731 600	239 452 + 41% of taxable income above 817 600
1 731 601 and above	614 192 + 45% of taxable income above 1 731 600

**Trust other than special trusts: rate of tax 45%**

# Individual tax thresholds and rebates

## Thresholds

Age	2023	2022	2021
Primary (Under 65 years)	R91 250	R87 300	R83 100
Secondary ( Age 65 to 74)	R141 250	R135 150	R128 650
Tertiary (Age 75 and above)	R157 900	R151 100	R143 850

## Rebates

Tax Rebate	2023	2022	2021
Primary (Under 65 years)	R16 425	R15 714	R14 958
Secondary ( Age 65 to 74)	R9 000	R8 613	R8 199
Tertiary( Age 75 and above)	R2 997	R2 871	R2 736

# Company Tax Rates

**Years of assessment ending on any date between 1 April 2022 and 30 March 2023.**

## Corporate Income Tax

Type	Rate of Tax (R)
Companies	28% of taxable income

**Years of assessment ending on or after 31 March 2023.**

## Corporate Income Tax

Type	Rate of Tax (R)
Companies	27% of taxable income

# Company Tax Incentives

# Employment Tax Incentive

The ETI is an incentive aimed at encouraging employers to hire young work seekers.

It was implemented with effect from 1 January 2014 and ends on 28 February 2029.

The ETI applies to qualifying employees employed on or after 1 October 2013 by eligible employers.

Payment of the incentive is realized by eligible employers being able to reduce the employees' tax due by them by the amount of the ETI that they may claim – provided they meet the requirements of the ETI Act.

Eligible employer may claim the ETI for a maximum of 24 months per qualifying employee.

# Employment Tax Incentive

PAYE

Employment Tax Incentive (ETI)

For the first twelve months of employment

Monthly Remuneration	Determination	Monthly Calculated ETI Amount
R0 – R1999	50% x monthly remuneration	R0 - R999.50
R2000 - R4499	Fixed at R1000	R1000
R4500 – R6499	Formula: $X = A - (B \times (C - D))$ X = monthly calculated amount A = R1000 B = 0,5 C = Monthly Remuneration D = R4500	R 1000 - R0.50
R6500 and more	Nil	R0.00

For the second twelve months of employment

Monthly Remuneration	Determination	Monthly Calculated ETI Amount
R0 – R1999	25% x monthly remuneration	R 0 – R499.75
R2000 - R4499	Fixed at R 500	R500
R4500 – R6499	Formula: $X = A - (B \times (C - D))$ X = monthly calculated amount A = R500 B = 0,25 C = Monthly Remuneration D = R4500	R500 – R0.25
R6500 and more	Nil	R0.00

# Small Business Corporation (SBC) Incentive

## How to Qualify

SBC is not  
another type  
of business  
entity

SBC is a type  
of tax  
incentive

Not more than  
20% of revenue  
may consist of  
investment  
income

Not more than  
20% income  
from rendering a  
Personal Service



# Small Business Corporation (SBC)

## How to Qualify

### Co-Operatives & Private Companies

- Not applicable to sole proprietors, partnerships, trusts

### Shareholding held by Natural Persons (Individuals)

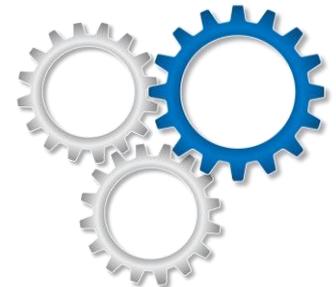
- Shareholding held for the entire year by natural persons
- Imperative to deregister from other CC's or companies before starting new venture

### Shareholders to have no interest in other Company

- Includes Dormant/ Shelf / Non Trading Companies
- Excludes listed companies and companies exempt from the payment of Income Tax and some other exceptions

### Gross Income not exceeding R20 000 000 per year

- Pro Rata amount if trading less than 12 months- Not taxable income, is based on gross income



# Small Business Rates

## Income Tax

### Small Business Corporation

Taxable Income (R)	Rate of Tax (R)
1 - 91 250	0% of taxable income
91 251 - 365 000	7% of taxable income above 91 250
365 001 - 550 000	19 163 + 21% of taxable income above 365 000
550 001 and above	58 013 + 28% of the amount above 550 000

# Turnover Tax



## What is Turnover Tax?

- Turnover tax (TT) is a single tax system which taxes turnover and not profit
- TT is optional to businesses with a qualifying turnover of R1 million or less per annum
- Replaces the need to account for Income Tax, Capital Gains Tax (CGT), Dividends Tax and Value-Added Tax (VAT), unless you have elected to be in the VAT system

# Turnover Tax

## When to Register?

A person that meets the qualifying criteria may elect to be registered “as a **micro-business**”-

- Before the beginning of a year of assessment or such later date during that year of assessment as the Commissioner may prescribe by notice in the Gazette, or
- Within two months from the date of commencement of business activities, In the case of a person that commenced business activities during a year of assessment

# Turnover Tax

## Decision Making to register



Record keeping too much of a burden or too expensive?

Current tax system is technically too difficult to comply with?

Costly to hire a tax practitioner to meet the requirements of the current tax system?

**Please Note:** If business is in a “assessed loss” situation it may be better to stay in the current tax system.

# Turnover Tax Rates

Income Tax

Turnover Tax

Turnover (R)	Rate of tax (R)
0 - 335 000	0% of taxable turnover
335 001 - 500 000	1% of taxable turnover above 335 000
500 001 - 750 000	1 650 + 2% of taxable turnover above 500 000
750 001 and above	6 650 + 3% of taxable turnover above 750 000

# Overall Tax Comparison

**EXAMPLE**

Total Income: Sales = R600 000 – (Expenses = R180 000)  
Taxable Income = R420 000

	Taxable Income: Personal Income Tax	Taxable Income: Company	Taxable Income: Small Business	Turnover Tax	Amount Payable
<b>Sole Proprietor</b>	73 726 + 31% of Taxable income above R 353 100 Minus Rebate				<b>R78 040</b>
<b>Company</b>		420 000 X 27% Or 420 000 X 28%			<b>R 113 400 Or R 117 600</b>
<b>Company SBC</b>			19 163 + 21% of Taxable income above R 365 000		<b>R 30 713</b>
<b>Turnover Tax</b>				R1650 + 2% of Taxable turnover above R500 000	<b>R 5250</b>

# More Information on the Incentives

**SARS TV**  
20.2K subscribers

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Uploads ▶ PLAY ALL

Video Title	Date	Time	Views
Activation of Registered Representatives	Thursday, 9 June 2022	1:19:37	5.1K views
SMME: PAYE basic compliance requirements	Thursday, 26 May 2022	1:48:14	1.7K views
SARS and World Bank Group Trade and Gender Report...	Thursday, 14 April 2022	2:26:36	1K views
Revenue Results Announcement Media Briefing	1 April 2022	1:23:32	2.7K views

# Compliance

# Compliance

## How to become compliant?

### Submission of Returns

No returns are outstanding after the filing due dates



**TAX  
COMPLIANCE  
STATUS**

### Supporting Documents

Outstanding supporting documents requested by SARS have been submitted.

### Registration

Registered and active for the tax products that you are liable for.

### Debt

Any outstanding tax debt with SARS for which payment arrangements have not been made.

Payment Arrangement:

- eFiling
- SARS MobiApp

# Digital Platforms

## Registered Company and Trusts

**NEW**

### eFiling

- Register Employees
- Request Tax Compliance Status
- Register New Tax Product
- Update Registered Details
- Submit Returns
- Making Payments
- Payment Arrangements

### SARS Online Query System

- Register Representative
- Upload Supporting Documents
- Request Tax Compliance Status
- Payment Allocations
- Online Trust Registration
- Make Online Booking

# Digital Platforms

Individuals/  
Sole Proprietors/  
Partnership

**NEW**

## e-Filing

- Register for Tax Number
- Request Notice of Registration
- Submit Tax Return
- Make Payment
- Request Payment Arrangements
- Request Tax Compliance Status
- Check who viewed your Status
- Update Registered Details

## SARS Online Query System

- Request Tax Reference number
- Upload Supporting Documents
- Report a New Estate Case
- Register as a Representative
- Request Tax Compliance Status
- Request Payment Allocation
- Make Online Booking

## SARS Mobi App

- Register for Tax Number
- Request Notice of Registration
- Submit Tax Return
- Make Payment
- Request Payment Arrangements
- Request Tax Compliance Status
- Check who viewed your Status
- Update Registered Details
- Make Online Booking

# Record Keeping



Documentary proof is essential to enable you to claim actual expenses incurred



Expenses may be overlooked, unless you record them at the time they are incurred



To enable you to complete your tax returns accurately



All documents must be kept for a period of 5 years from date of submission of the return

# Go Digital

## Remember our Digital Channels

- **We've made it easier for you**  
**Go Digital!**
  - Download the SARS MobiApp via your app store
  - Register for eFiling
  - SARS Online Query System
- **Visit us on our Social Media platforms**
  - LinkedIn 
  - Facebook 
  - Twitter 



- For more information, visit the:
  - ❑ SMME webpage on the SARS website: [www.sars.gov.za](http://www.sars.gov.za)
  - ❑ SARS YouTube channel: [www.youtube.com/sarstv](http://www.youtube.com/sarstv)

*Thank you*  
*Re a leboha*  
*Re a leboga*  
*Ndza Khensa*  
*Dankie*  
*Ndi a livhuwa*  
*Ngiyabonga*  
*Enkosi*  
*Ngiyathokoza*