

financial planning tax guide for 2008/9



income tax

income tax rates and rebates for individuals and special trusts for the year ending February 2009

taxable income (R)	rates of tax
0 – 122 000	18% of each R1
122 001 – 195 000	R21 960 + 25% of the amount above R122 000
195 001 – 270 000	R40 210 + 30% of the amount above R195 000
270 001 – 380 000	R62 710 + 35% of the amount above R270 000
380 001 – 490 000	R101 210 + 38% of the amount above R380 000
490 001 and above	R143 010 + 40% of the amount above R490 000
rebates	
primary	R8 280
secondary	R5 040
tax threshold	
below age 65	R46 000
age 65 and over	R74 000

income tax rates for trusts other than special trusts

income is taxed at a flat rate of 40%

income tax rates for companies for the year ending between 1 April 2008 and 31 March 2009

companies 28%

small business corporations:

- ~ R0 – R46 000 0%
- ~ R46 001 – R300 000 10%
- ~ R300 001 and above 28%

very small businesses (turnover of less than R1m pa):

(proposals subject to change)

- ~ R0 – R100 000 0%
- ~ R100 001 – R300 000 2% of each R1 above R100 000
- ~ R300 001 – R500 000 R4 000 + 4% on the amount of R300 000

secondary tax on companies 10%

interest and dividend exemptions for individuals

domestic interest exemptions:

- ~ persons under 65: R19 000 per annum
- ~ persons over 65: R27 500 per annum

foreign interest and foreign dividends exemptions:

R3 200 per annum

domestic dividends:

proposed tax changes in 2008 to tax dividends and abolish STC

deductions for individuals

medical expenses

- ~ persons over 65 years of age may claim unlimited qualifying expenses
- ~ persons under 65 may claim monthly medical aid contributions up to R570 for the taxpayer and R570 for the first dependant, plus R345 for each additional dependant, less employer contributions not considered a fringe benefit. Balance of contributions plus medical expenses exceeding 7.5% of taxable income, before the medical deduction, may be deducted
- ~ persons under 65 where taxpayer, spouse or child is handicapped may claim unlimited qualifying expenses

pension fund contributions

- ~ current contributions limited to the greater of:
 - ~ R1 750 or
 - ~ 7.5% of pensionable remuneration
- ~ arrear contributions limited to R1 800 per annum

retirement annuity fund contributions

- ~ current contributions limited to the greater of:
 - ~ 15% of taxable income other than from retirement funding employment or
 - ~ R3 500 less deductible current pension fund contributions, or
 - ~ R1 750
- ~ arrear contributions limited to R1 800 per annum

tax on lump sums from retirement funds

- ~ tax free portion is R300 000, plus previously disallowed contributions, less tax free lump sums taken previously
- ~ taxable portion:
 - ~ R0 – R300 000 18% of each R1
 - ~ R300 001 – R600 000 R54 000 + 27% of the amount above R300 000
 - ~ R600 001 and above R135 000 + 36% of the amount above R600 000

capital gains tax

inclusion rates

- ~ individuals, special trusts and individual policyholder funds 25%
- ~ other taxpayers 50%

exclusions

- ~ individuals (annual non-cumulative) R16 000
- ~ individuals in year of death R120 000
- ~ primary residence exclusion R1.5 million

donations tax

- ~ rate of tax is 20% of amount donated
- ~ exemption of R100 000 per annum for individuals
- ~ donations to public benefit organisations is exempt up to a limit of 10% of taxable income before medical deductions

estate duty

- ~ rate of duty is 20% of the dutiable amount of the deceased estate
- ~ abatement of R3.5 million per estate
- ~ deductions include bequests to public benefit organisations and property accruing to the surviving spouse

transfer duty

transfer to a natural person

property value

R0 – R500 000

R500 001 – R1 000 000

R1 000 000 and above

rate

0%

5% on the value above R500 000

R25 000 plus 8% on the value above R1 000 000

transfer to a corporate entity or trust is taxed at a flat rate of 8% of the property value

value added tax (VAT)

taxed at the rate of 14%

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