



Chartered Accountants (SA)/Geoktrooierde Rekenmeesters (SA)

Registered Auditors/Geregistreeerde Ouditeure

**Committed Integrity**

# Budget 2011

Committed Integrity

# INDIVIDUALS

## ▪ New tax tables for individuals:

- R0 – R150 000 18% for each R1
- R150 001 – R235 000 R27 000 + 25% on amount exceeding R150 000
- R235 001 – R325 000 R48 250 + 30% on amount exceeding R235 000
- R325 001 – R455 000 R75 250 + 35% on amount exceeding R325 000
- R455 001 – R580 000 R120 750 + 38% on amount exceeding R455 000
- R580 001 + R168 250 + 40% on amount exceeding R580 000

## ▪ Rebates

- Primary: R10 755 [2011: R 10 260]
- Secondary: (Persons 65 and older) R6 012 [2011: R5 675]
- Tertiary: (Persons 75 and older) R 2000 [2011: NUL]

## ▪ Tax thresholds

- Below age 65 : R59 750 [2011:R57 000]
- Age 65 and older : R93 150 [2011: R88 528]
- Age 75 and older : R104 261



# EXEMPTIONS AND DEDUCTIONS

## ■ Interest and dividend exemptions:

- Below age 65 : R22 800 [2011: R22 300]
- Age 65 and older : R33 000 [2011:R32 000]
- Foreign dividends and interest: R3 700 [2011: R3 700]

## ■ Medical aid deductions

- R720 per member for the first 2, and then R440 for each additional member [2011: R670 en R410]
- Effective 1 March 2012: deductions to be converted to tax credits. (further information to follow)
- Information on the National Health Insurance will be tabled in the 2012 budget. Proposals are : payroll tax, increase in VAT and a surcharge on personal income tax



# RETIREMENT PLANNING

## ■ Contributions to retirement funds:

- Contributions by employers will be deemed to be a taxable fringe benefit from 1 March 2012
- Individuals will be allowed to deduct up to 22.5% of their taxable income for contributions to pension, provident and retirement annuities
- 2 Thresholds – minimum annual deduction of R 12 000 and maximum annual deduction of R 200 000

## Taxation of lump sum benefits on retirement:

From 1 March 2011 first R 315 000 will be exempt [2011:R300000]

R 315 001 – R 630 000 - 18% of amount above R 315 000

R 640 001 – R 945 000 - R56 700 and 27% on amount exceeding R640 001

R 945 001 – and above - R 141 750 and 36% on amount exceeding

R 945 001



# INDIVIDUALS : PROPOSED TAX CHANGES

- Capital gains tax monetary thresholds change:  
Increases effective from 1 March 2011  
Individuals from R 17 500 to R 20 000  
On death from R 120 000 to R 200 000  
Proposed abolishment of CGT on FOREX for individuals
- Gambling  
From 1 April 2012 final withholding tax of 15% on winnings in excess of R 25 000.
- International air passenger departure tax  
From 1 October 2011 :  
Local :from R 80 to R 150 per passenger  
International :from R 100 to R 190 per passenger



# SINS TAXES AND PETROL LEVIES

## ▪ SINS TAXES

13,5c more per bottle wine

6.4c more per beer

Spirits: R2.86 more per 750ml

Cigarettes (pack of 20): 80c more

## ▪ FUEL LEVY:

➤ Increases by **10c** per liter (from 6 April 2011)

## ▪ ROAD ACCIDENT LEVY:

➤ Increases by **8c** per liter (from 6 April 2011)



# ENVIRONMENTAL TAXES

- **CARBON TAXES**

Due to climate change, government is considering Carbon taxes. Design and proposed taxes will be Announces in the 2012 budget

- **ELECTRICITY LEVY:**

➤ Increases from 0.5c/kWh to 2.5c/kWh (already factored into electricity tariffs approved by NERSA)



# PROPOSED CHANGES IN TRANSFER DUTY

## Proposed rate table:

< R 600 000 – 0%

< R 1 000 000 – 3% on excess of R 600 000

< R 1 500 000 – R 12 000 + 5% on excess of R 1 000 000

> R 1 500 000 – R 37 000 + 8% on excess of R 1 500 000

**IMPORTANT:** It is proposed that the rate table will be applicable to legal persons as well. (Previously 8%)

Effective : 23 February 2011



# BUSINESS TAXES

## ■ COMPANIES TAX

- No changes in the companies tax rate
- No changes in the VAT rate

## ■ STC:

- Final date for the phasing out of STC 1 April 2012
- Dividends tax to be introduced on the same date

## ■ ISLAMIC FINANCE

- Further enhancements to address Ijara products (commercial finance leases).



# BUSINESS TAXES - INCENTIVES

## ▪ R&D TAX INCENTIVE

- Intended to encourage R&D projects
- Current processes to be streamlined and pre-approval by Department of Science and Technology

## ▪ LEARNERSHIP INCENTIVE:

- Program expires September 2011
- Proposal that it is extended for 5 years subject to review

## ▪ YOUTH EMPLOYMENT SUBSIDY

- Tax credit system – R 5 billion allocated over 3 years



# TAX ADMINISTRATION

## ■ SARS AUDITS

- SARS to utilize credit bureau data to build taxpayer profiles
- SARS to extend cooperation with other tax administrations
- Continued focus on high net worth individuals

## ■ VOLUNTARY DISCLOSURE PROGRAMME

- 1200 applications received
- Program to remain open until 31 October 2011



# TAX POLICY RESEARCH PROJECTS

- Taxation of financial derivatives
- Taxation of long-term insurers
- Housing tax incentive – tax credit system for low cost housing <R300 000
- Provincial motor vehicle license fees
  
- VAT treatment of public passenger transport services
- VAT on educational accommodation
- Estate duty – the effectiveness of Estate duty. Several options under consideration.



If you have any questions pertaining to the impact of the 2011 budget on your tax position, either in person or for your business, please contact us:

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**Thank you**



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