

IAPA JOHANNESBURG-JUNE 2016 NEWSLETTER

❖ IAPA NEWS

As you are aware IAPA Johannesburg is an independent member firm of IAPA, which is a worldwide association of independently owned of accounting firms.

The latest developments are that there is a proposal for integration with Allinial Global and independently owned association of accounting firms which will result that the combined association of independently accounting firms will be the world's third largest

The 200 member IAPA was formed in 1979 and has a presence in 69 countries .USA based Allinial Global, was established in 1969 and has 97 member firms in 13 countries.

❖ TAX SERVICES WE OFFER

In tax returns we provide the following services:

- Compilation of tax returns-individuals
- objections to tax assessments
- Completion of company tax returns
- Application of tax directives
- Application for payment arrangements
- Application for tax clearances
- Applications for overseas investments tax clearance
- Assistance with tax queries.
- Provisional tax returns
- Registrations for VAT,PAYE
- Registrations as tax payers
- All aspects of tax and accounting services.

❖ 2016 TAX RETURN

The tax return season for individuals and trust for the year ending 28 February 2016 is about to open. Should you want us to do your tax return, can you please send us the following information as soon as possible:

- IRP5/IT3(a) Certificates
- Certificates of interest earned, both local and foreign.
- Certificate for retirement annuity fund contributions
- Certificate of medical aid contributions paid and expenses not covered by medical aid scheme.
- Details of dividends received, both local and foreign.
- Rental income and any other income, both local and foreign.

- If you received a travel allowance or a company car, details pertaining to your motor vehicle(**a comprehensive log book of all business and private mileage, vehicle purchase date, purchase price, registration number and odometer reading at the beginning and end of the tax year**). We can send you an example of the format of a logbook should you require it
- Details of any investments made or redeemed
- Details of any fixed property purchased or sold.
- Any other information pertaining to your tax return
- If you are in receipt of trade income, commission or rental, we are required to complete and submit statements of assets and liabilities at cost price- this is compulsory as the system will not permit submission of the tax return without this information.

We would appreciate it if you can forward the above, as well as any other relevant documentation required to complete your tax return as soon as possible to Winnie Smale on email address

Winnie@iapa.co.za

SPECIAL VOLUNTARY DISCLOSURE PROGRAMME IN RESPECT OF OFFSHORE ASSETS AND INCOME

In the 2016 Budget Speech, the Minister of Finance announced a Special Voluntary Disclosure Programme to give opportunity for non-complaint taxpayers to Voluntary disclosure offshore assets and income. With a new global standard for the automatic exchange of information between taxpayers providing SARS with additional information from 2017, time is now running out for taxpayers who still have undisclosed assets abroad. To encourage compliance, Government proposes a Special Voluntary Disclosure Programme for individuals and companies to regularize both their tax and exchange control affairs for a limited window period described below.

The South African Revenue Service (SARS) and the South African Reserve Bank(SARB) are working jointly to ensure that applications for the Special Voluntary Disclosure Programme are assessed through one joint process for both tax non-compliance and exchange control contraventions.

Window period of Special Voluntary Disclosure Application

- Applications for relief under the Special Voluntary Disclosure Programme will apply for a limited window period for six months starting on 1 October 2016 and closing on 31 March 2017.

What information to start preparing of the Special Voluntary Disclosure Programme

- While exact details of the Special Voluntary Disclosure Programme are still to be finalized, we recommend that people start obtaining their information in order to be able start the application as soon as possible.

The following information would be needed and we recommend you start collecting.

1. Income from Overseas investments, interest dividends, rentals and capital gains for period.
 - 1.3.2010 to 28.2.2011
 - 1.3.2011 to 28.2.2012
 - 1.3.2012 to 28.2.2013
 - 1.3.2013 to 28.2.2014
 - 1.3.2014 to 28.2.2015
 - 1.3.2015 to 28.2.2016

2. Obtaining Valuations for all investments as at 28 February 2016, this should include independent valuations on any fixed property or other assets

❖ OUR SERVICES

- Statutory Audits
- Reviews of financial statements
- Compilation of financial statements
- Financial statements of Close Corporations
- Outsourced Financial Management
- Completing personal and corporate income tax returns and advising on the implications of income Tax legislation
- Accounting services
- Providing company secretarial services including Company formations
- Due Diligence Investigations
- Outsourced Payrolls

❖ UNIT TRUSTS COST AVERAGE

A regular amount invested in a unit trust each month provides an investment strategy that will help you buy units at lower prices and enjoy the future benefits of selling high. It's a proven way of beating inflation called Cost Averaging and it works like this:

- You invest a fixed sum each month which buys more units when prices are low than when prices are high. When unit prices move up, you profit from this move because the total value of the units you hold increases.

At this stage your fixed monthly investment buys fewer units because of the higher price. The result is investment growth geared to outpace inflation. Simply because over the period you have paid a lower average prices for your units than the average price quoted. The strategy works extremely well over the long term despite the ups and downs of the stock market.

Rules for provisional tax

In accordance with current tax legislation pertaining to estimated income amounts to be used for provisional tax purposes, below is a summary thereof. It should be noted that there are various sometimes severe penalties which SARS are entitled to impose in the event of incorrect estimated income amounts used for provisional tax purposes:

First period:

A first period provisional tax return must be submitted to SARS within the first six months of a particular financial year. Even if no tax is payable (ie if the return is based on estimated loss amount), the nil return still needs to be submitted to SARS.

If the company does not have a previous assessment issued by SARS (ie a new company which has not yet been assessed), the company must make a best estimate of its taxable income and base the provisional tax return thereon.

If the last assessment issued by sars is higher than anticipated profits for the current tax year for which the provisional tax return is prepared, a taxpayer is entitled to deviate from the last assessment issued (i.e. estimate on a lower amount) provided there are sufficient reasons and documentation in support of this lower estimate.

Also if higher profits are anticipated than the previous assessment, a taxpayer is entitled to base the provisional tax estimate on such higher amount should they so choose.

Second period:

The second period provisional tax return must be submitted on the year end of the company. The amount on which the provisional tax return is estimated in this instance is as follows:

- If the actual taxable income for that particular tax year is less than R1m: Provisional estimate may be based on
 - last assessment issued by SARS
 - if a company has reason to believe that actual profits are going to be less than last assessment issued by sars, may base provisional tax estimate on an amount lower than last assessment issued but such estimate must then be within 80% of actual taxable income for the particular tax year, failing which SARS are entitled to charge a penalty for an underestimation of provisional tax.

- If the actual taxable income for that particular tax year exceeds R1m: Provisional tax estimate must be based on at least 80% of such **actual taxable income for the year**, failing which SARS are entitled to charge a penalty for underestimation of provisional tax.

Any provisional tax paid by a company in respect of a particular tax year, will be offset as a credit against the final income tax assessment raised by SARS for that particular tax year.

In the event of insufficient provisional tax having been paid in the first and second period provisional tax returns as mentioned above, a third or top-up provisional tax payment may be made within a period not later than six months after the year end without incurring any interest charges. Thereafter, any such payment made later than six months after year end will start incurring interest charges to date of assessment for the particular tax year.

Note that the term “last assessment issued by SARS” means an assessment issued by SARS at least 14 days prior to submission of the particular provisional tax return.

OVERSEAS TAX CLEARANCE

We can apply for these for clients. Write the tax clearance for each, taxpayer can invest up to R10 million rand per annum overseas.