

NEED MORE HELP?

- Call 0860 12 12 18
- Visit www.sars.gov.za or visit any SARS branch

INTRODUCTION

This guide is designed to help you to accurately and properly complete your Personal income tax return (IT12C). A comprehensive guide is available on the SARS website www.sars.gov.za. If you need help with the completion of your return visit any SARS branch or look out in your local newspapers for details of where and when our staff will be visiting shopping centres, community halls and other public places in your area.

YOU MUST COMPLETE AND SUBMIT YOUR RETURN BY 31 OCTOBER 2007

COMPLETING THE RETURN

Use a black or a blue pen to complete the return and keep your writing within the spaces provided. Please use print in completing the return. Do NOT strike through the squares that do not apply. Please do not use correcting fluid if you have made a mistake. We also request that you do not fold your return as it will delay the process of assessing your return.

You must complete all relevant parts of the return. Any incomplete return will be sent back to you and will be marked as "not submitted" until you send it in fully completed. This could result in penalties for late submission of your return.

The following fields on the return are mandatory:

- Signature: The tax return is a legally binding declaration which you make to identify all the income, tax and deductions for the year. Without your signature it is worthless.
- ID number or passport number and date of birth (at least one must be completed).
- Personal particulars (name, address and contact details)
- Banking details.
- Income received (if you received no income during the year you must still complete this section by entering a zero(0)).

GETTING STARTED

To complete the return you will need the following documentation:

- Details of your banking particulars
- Your IRP5 and/or IT3(a) certificates (if applicable)
- Certificates you received from financial institutions in respect of investment income you received
- Details of medical expenditure incurred (if applicable)
- Information relating to retirement annuity contributions paid (if applicable)
- Information relating to travel expenditure (if applicable)
- Information on capital gain transactions (if applicable)
- Financial statements (if applicable)

South African Revenue Service

How to fill in your IT12C

- Any other documentation relating to income you received or deductions you want to claim

Please note that although you will be using the documentation to complete your return NONE of these documents must be attached to your return when you submit it to SARS. You will however be required to keep ALL relevant documents for a period of five years in case SARS calls for them.

DO YOU HAVE THE RIGHT RETURN

To make it easier for you, this year SARS has introduced two new income tax returns for individuals.

The IT12S return is the standard return for individuals who earn a salary and travel allowance and have deduction such as medical and retirement annuity contributions.

The IT12C is the more complex return for individuals who have income such as commission, rental, foreign income, business income, farming income and capital gain transactions.

IMPORTANT:

If you received an IT12C return but feel that you fall within the IT12S category you must still complete and submit the IT12C return and not request an IT12S return. SARS will, during the assessment process, change the return type based on the information declared in your current return and update the system accordingly to issue the correct return in the subsequent year.

Personal details

- Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.
- Marital status as at 28 February 2007: Mark the applicable "Y" or "N" block with an "X" and if married, indicate whether you are married in community of property or out of community of property with an "X".

Address information

- Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.

Work address

- Please complete the work address details of your current employer.
- If you had more than one job for the period 1 March 2006 to 28 February 2007, fill in the address details of your main employer - that could be where you worked the most hours. If you are no longer employed leave this field blank.

Bank account information

- Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.
- If no details are printed in this section you need to complete all the applicable fields with the relevant details.

Electronic transfers of refunds are effected using the branch code number and not the name of the bank. You are therefore not required to provide the name of the bank with which you transact.

Note: SARS only issues cheques in exceptional circumstances so you must provide banking details in order to receive a refund. No refund will be paid into the bank account of a third party.

Preferred means of contact

Indicate your preferred means of contact by marking the applicable block by using numbers 1 to 5. The number 1 indicates the most preferred option whilst 5 indicates the least preferred option.

Tax practitioner information

If you make use of a tax practitioner to complete your return this information should be completed by the tax practitioner.

INCOME RECEIVED

If you received income reflected on an IRP5/IT3(a) certificate you need to deal with it as illustrated below.

INCOME SECTION of an IRP5 / IT3(a) certificate

CODE/ KODE	DESCRIPTION / BESKRYWING	RF IND / UFD IND	AMOUNT/ BEDRAG
3601	Salary	Y	100,000
3605	Annual payment	N	20,000
3713	Other allowances - taxable	N	3,000
3705	Subsistence allowance - non taxable	N	1,000

The code in the first column reflects the source of your income and the last column reflects the amount you have received. These are the only two columns that you will use to complete this section of the return. If you are only in receipt of one IRP5/IT3(a) you will complete the amount and then the relevant source code in the section of the return as illustrated below.

INCOME RECEIVED	
Complete below the SUM of all your income sources as shown on the IRP5 / IT3(a) certificates (grouped per source codes)	
Amount (Rands only)	Source Code (IRP5/IT3(a))
1 0 0 0 0 0	3 6 0 1
2 0 0 0 0 0	3 6 0 5
3 0 0 0 0	3 7 1 3
1 0 0 0 0	3 7 0 5

If you received more than one IRP5 you must add the amounts from each IRP5 with the same source code together as illustrated below. If, however you have more than eight different income codes you need to contact the Call centre at 0860 12 12 18 to assist you in completing your return.

IRP5 Certificate from Employer A:

INCOME SOURCES

CODE/ KODE	DESCRIPTION / BESKRYWING	RF IND / UFD IND	AMOUNT/ BEDRAG
3601	Salary	Y	56,000
3605	Annual payment	N	5,000

3601 - This amount must be added to the R100 000 reflected on the IRP5 from employer B

3605 - This amount must be added to the R20 000 reflected on the IRP5 from employer B

IRP5 Certificate from employer B:

INCOME SOURCES

CODE/ KODE	DESCRIPTION / BESKRYWING	RF IND / UFD IND	AMOUNT/ BEDRAG
3601	Salary	Y	100,000
3605	Annual payment	N	20,000
3701	Travel allowance	N	40,000
3713	Other allowances - taxable	N	3,000

3601 - This amount must be added to the R56 000 reflected on the IRP5 from employer A

3605 - This amount must be added to the R5 000 reflected on the IRP5 from employer A

Your return will therefore be filled in as shown below:

INCOME RECEIVED	
Complete below the SUM of all your income sources as shown on the IRP5 / IT3(a) certificates (grouped per source codes)	
Amount (Rands only)	Source Code (IRP5/IT3(a))
1 5 6 0 0 0	3 6 0 1
2 5 0 0 0 0	3 6 0 5
3 0 0 0 0	3 7 1 3
4 0 0 0 0	3 7 0 1

56 000 + 100 000
5 000 + 20 000
These codes only appear on one IRP5

The same procedure must be followed if you are in receipt of three IRP5/IT3(a) certificates. If however you received more than three IRP5/IT3(a) certificates relating to the period 1 March 2006 to 28 February 2007 you need to indicate the number received in the "Additional declaration" section on page three of the return. You further need to download the IRP5/IT3(a) schedule from the SARS website www.sars.gov.za or obtain it from your local SARS office, complete it in respect of the fourth and subsequent certificates and attach it to your return. If you are completing the return on-line a IRP5/IT3(a) schedule can be obtained on-line.

The schedule makes provision for the declaration of the SITE and PAYE information. The income codes in respect of all IRP5/IT3(a) certificates must however be added together as illustrated in the example above.

Gross retirement funding income

The amounts can be found in the gross remuneration section of the IRP5 certificate.

Use the amount reflected next to the code 3697 to fill in this field – if you have received more than one IRP5/IT3(a) certificate all the amounts reflected next to the code 3697 on the certificates must be added together to enter the total on the return as code 3697.

If your IRP5/IT3(a) certificate does not reflect an amount next to the code 3697 you need to check whether any of the income amounts are indicated as “Y” in the RF IND column. If so, you need to add together all these amounts and enter the total on the return as code 3697.

Investment income

For income tax purposes income accrued from an investment is included in income as local interest, foreign interest and foreign dividends. Local interest is declared on page two of your return and provision is made on page three of your return for the declaration of the income received from foreign interest and foreign dividends as well as the foreign tax credits, if applicable.

To declare your investment income you must proceed as follows:

If you are married in community of property

Add together the amounts relating to local interest reflected on the certificates received in respect of yourself and your spouse. Fill in the total of the gross amounts of interest received by both you and your spouse - the exempt portion will be calculated by SARS. Repeat this procedure in respect of foreign interest and foreign dividends. Remember to also add the foreign tax credits in respect of yourself and your spouse together and to fill the total in next to the applicable code on page three of your return. Provision is made on the return to declare the foreign tax credits in respect of foreign interest and foreign dividends separately.

If you are not married or married out of community of property

Add together the amounts reflected as local interest on the certificates you received. Fill in the gross amounts of interest – the exempt portion will be calculated by SARS. Repeat this procedure in respect of foreign interest and foreign dividends and declare the totals on page three of your return in the applicable fields.

Main Income Source Code

If you are in receipt of salary income and it constitutes your main source of income you must use the table below to complete this field. If, however, your main source of income is not derived from salary you must consult the Source Code Booklet on the SARS website www.sars.gov.za to complete this field.

	Description
3534	Agencies and other services
3501	Agriculture, forestry and fishing
3511	Bricks, ceramics, glass cement and similar products
3523	Catering and accommodation
3509	Chemicals and chemical, rubber and plastic products
3505	Clothing and footwear
3510	Coal and petroleum goods
3520	Construction
3527	Educational services
3519	Electricity, gas and water
3525	Financing, insurance, real estate and business services
3503	Food drink and tobacco
3506	Leather, leather goods and fur (excluding footwear and clothing)
3514	Machinery and related items

	Description
3529	Medical, dental other health and veterinary services
3535	Members of CC/Director of company
3512	Metal
3513	Metal products (except machinery and equipment)
3502	Mining, stone and quarrying work
3518	Other manufacturing industries
3508	Paper, printing and publishing
3532	Personal and household services
3526	Public administration
3531	Recreational and cultural services
3528	Research and scientific institutes
3522	Retail trade
3517	Scientific, optical and similar equipment
3530	Social and related community services
3533	Specialised repair services
3504	Textiles
3516	Transport equipment (except vehicle, part and accessories)
3524	Transport storage and communication
3515	Vehicle, parts and accessories
3521	Wholesale trade
3507	Wood, wood products and furniture

PAYE and SITE paid

Note: This is the only section in the return where RANDS AND CENTS are used.

To complete this section you again need your IRP5/IT3(a) certificates. The return allows for three certificates and is therefore divided into three sections.

The following information is required to fill in this section of the return:

- If you only received one IRP5 or IT3(a) certificate you will only have to complete the first section. You will be required to fill in the IRP5/IT3(a) certificate number which is located in the top left hand corner of the certificate. If you were issued with a duplicate certificate you will find that it carries two certificate numbers. The number that you must fill in is the one listed next to the original certificate number.
- The PAYE reference number is located directly below the certificate number.
- The gross income is located next to the code 3699 in the gross remuneration section.

The tax calculation information section on the certificate reflects the “periods in year” as well as the “periods worked”. If the information is not available the fields must be left blank on the return.

- The amounts next to code 4101 and 4102 must be filled in separately in the boxes provided for SITE – code 4101 and PAYE – code 4102 on the return. If you received an IT3(a) certificate there will be no deduction for SITE or PAYE on the certificate. In this case the applicable fields on the return must be left blank.

MEDICAL DEDUCTIONS

State the number of members and dependants for whom contributions were made

The information required refers to the contributions that you paid to the medical fund at 28 February 2007, in respect of yourself and other persons (dependants) that are covered by the fund.

This information is usually reflected on the medical statement that you receive from your medical fund.

Did the number change during the year of assessment?

Mark the "Y" or "N" block with an "X".

If yes, state the total number of members and dependants per month.

Provision has been made for all twelve months of the year of assessment starting with "M" for March as the year of assessment starts on 1 March 2006.

State your medical fund contributions

- Contributions paid by your employer on your behalf will be reflected next to the code 4005 on the IRP5/IT3(a).
- Contributions paid by yourself i.e. via your cheque account or debit order will be reflected on your medical statement.

State your qualifying medical expenses not recovered from the medical fund

If you belong to a medical fund you will find the amount for the medical expenses that you have not recovered from the medical fund on the medical statement. This is the amount to be used together with the amount of the claims that you did not submit to the medical fund due to the fact that you have exceeded the limits in respect of certain procedures. The amounts in respect of special dependants do not qualify as a deduction and must not be filled in your return.

For more information refer to the comprehensive guide available on the SARS website www.sars.gov.za.

State your employer's contributions

This information will be reflected next to the code 4474 on your IRP5/IT3(a) certificate.

Physical disability expenses (not recovered from the medical fund)

If you, your spouse or child have a disability the amount of expenditure relating to the physical disability must be inserted here providing it was not covered by the medical fund.

Handicapped expenses

Handicapped persons refer to a blind person, a deaf person, or a person who, as a result of a permanent physical disability, requires a wheelchair, calliper or crutch, to assist him or her to move from one place to another, or a person who requires an artificial limb. It also includes a person who suffers from a mental illness as defined in the Mental Health Act.

Note: Please refer to the comprehensive guide available on the SARS website www.sars.gov.za to determine what supporting documentation must be retained for a period of five years to substantiate your claim.

RETIREMENT CONTRIBUTIONS

State your Pension fund contributions

The information is on your IRP5/IT3(a) under the "Deduction" section.

Current - Use the amount next to the code 4001 on your certificate.

Arrears - Use the amount next to the code 4002 on your certificate.

Non-Statutory Forfeited Pension Arrears - Use the amount next to code 4026 on your certificate.

State your retirement annuity contributions

Current and arrear retirement annuity contributions

Use the certificate you received from the institution to which you made

the contributions to complete the return. Only contributions you paid in respect of a policy that you yourself will benefit from can be claimed.

OTHER QUALIFYING DEDUCTIONS

Note: Please refer to the comprehensive guide available on the SARS website www.sars.gov.za to determine what supporting documentation must be retained for a period of five years to substantiate your claim.

In terms of the Income Tax Act only certain deductions are allowable if you earn a salary. Some of these deductions such as pension and retirement annuity contributions have already been addressed in this guide. The remaining deductions that qualify, providing expenses were incurred, are the following:

Subsistence allowance

- If you were in receipt of a local subsistence allowance which is reflected next to source code 3704 on your IRP5/IT3(a) you may claim expenditure. Enter the amount calculated next to the code 4017 on page two of your return.
- If you received a foreign subsistence allowance which is reflected next to code 3715 on your IRP5/IT3(a) the calculated amount of your claim must be filled in on page three of your return next to code 4019.

Donations to an approved Section 18A Public Benefit Organisation

Use the amount reflected on the receipt you received. Remember the amount will only qualify as a deduction if the receipt states that it is issued in terms of Section 18A of the Income Tax Act.

Income protection insurance contributions

If you made any contributions to protect your income you should receive a certificate from the institution to which the contributions were made. Enter the amount next to the code 4018 on your return.

Depreciation

If you own an asset such as a computer and you are obliged to use the asset regularly to perform tasks relating to your job, you will be entitled to claim depreciation on the asset. The amount calculated must be filled in next to the code 4027 on your return.

Home office expenses

If you are employed, working for a salary and a condition of your employment is to bear the cost of maintaining a home office as your central business location, you may qualify for a deduction in terms of your home office.

If you believe you are entitled to claim expenditure for a home office the following formula must be used when calculating the amount to be deducted:

$A/B \times \text{Total costs}$, where

- A = The area in square metres of the area used for work;
- B = The total area in square metres (including any outbuildings and the area used for work) of the residence;
- Total costs = The total costs incurred in the acquisition and upkeep of the property (excluding expenditure of a capital nature).

Other deductions

- You may claim legal expenses incurred in respect of any claim that is directly related to your salary package, such as a CCMA case where the claim will, as a result of a court order, be included in income or an out of court settlement in respect of labour disputes.

- Bad debts and provision for bad debts.
- Reduction of the fringe benefit for the "use of motor vehicle".
- Public office holder expenditure.

Should you require further detail contact your local SARS office or consult the comprehensive guide on the SARS website www.sars.gov.za.

EXPENDITURE INCURRED IN THE PRODUCTION OF COMMISSION INCOME

In terms of the Income Tax Act the expenditure incurred in the production of the commission income received will be limited to the deductions addressed above unless the commission income received represents more than 50% of the income received from the source against which the deductions are claimed. If the commission income exceeds 50% of income then the relevant expenditure items provided for on page two of the return must be filled in.

If provision is not specifically made for a specific item, the amount in respect of such items must be added together and reflected as "other" expenditure.

If you incurred any travel expenditure in the production of your commission income and you did not receive a travel allowance you need to calculate your travel claim based on actual expenses and fill in the amount of your claim next to code 4015 on page three of the return under the heading "Other qualifying Deductions".

All documentation to substantiate your claims must be retained for a period of five years should SARS ask for it.

TRAVELLING EXPENSES CLAIMED AGAINST A TRAVEL ALLOWANCE

You may only claim travel expenses by completing the information relating to the travel claim on page two of the return if you received a travel allowance. The travel allowance will be indicated on your IRP5/IT3(a) next to the code 3701 and/or 3702 of your certificate. Page two makes provision for the information in respect of two vehicles. If, however, you used more than two vehicles during the year, on which the calculation must be based, you need to indicate the number of vehicles used in the "Additional declaration" section on page three of the return. You further need to download the vehicle schedule from the SARS website www.sars.gov.za or obtain it from your local SARS office, complete it in respect of the third and subsequent vehicles and attach it to your return. If you are completing the return on-line a vehicle schedule can be obtained on-line.

Did you use a log book?

You have the choice to claim for travel expenses based on actual kilometres travelled or by using the deeming provisions provided for in the Income Tax Act if you received a travel allowance. You must be in possession of a properly completed log book in order to use actual kilometres. If you do not make a selection by marking the applicable "Yes" or "No" block, it will be assumed that the deeming provisions must be applied. In terms of the deeming provisions the first 18 000 kilometres travelled will be deemed private kilometres travelled. In calculating the travel claim the total kilometres travelled will be limited to 32 000 kilometres.

Please note that the minimum information required for a log book is the following:

- Date on which the travel took place;
- The destination to and from;
- The kilometres travelled;
- The reason for the travel.

Calculation of the travel claim

To enable SARS to calculate your claim it is imperative that you complete the following information:

- Start and closing dates;
- Starting and closing kilometres (odometer readings)
- The business kilometres travelled;
- The cost price or cash value of the vehicle;
- The vehicle registration number.

Please note that without this information SARS will not be in a position to calculate the travel claim and will therefore not consider the claim.

Travel expenses against a travel allowance can be claimed according to one of the following methods:

(i) Where accurate records of expenses have been kept

Complete the applicable line items under the sub heading "Where Records of Actual Expenditure where kept" in the return.

(ii) Where no records of expenses have been kept

The cost of scale table will be used to calculate your claim if you did not complete the line items relating to actual expenditure.

FOREIGN INCOME (excluding foreign capital gain transactions)

All foreign income must be declared in South African Currency. For further details please refer to the comprehensive guide on the SARS website www.sars.gov.za.

This part is divided in three sections but excludes any foreign capital gain transactions.

The **first section** you must use to declare any foreign interest and foreign dividends you received. Please refer to the paragraph in this guide on Investment Income. Please note that the gross amounts of income must be filled in as SARS will calculate the 50% distribution if you are married in community of property and also apply the same rules to the foreign tax credits relating to foreign dividends and foreign interest.

The **second section** of this part of the return makes provision for the declaration of any other foreign income such as foreign farming and trading income etc.

Please note that only profits from a Controlled Foreign Company (CFC) will be imputed in the calculation of tax liability. Losses from a CFC must not be reflected as they are ring fenced per CFC.

The **third section** of this part of the return makes provision for the declaration of the foreign tax credits. The same 50% split will be applied by SARS if you are married in community of property in respect of foreign tax credits on foreign interest and foreign dividends.

Indicate whether you chose to be taxed on the net dividend by marking the appropriate box with an "X". If "Y" the foreign tax credit, if applicable, will not be considered.

CAPITAL GAIN / LOSS

All capital gain transactions must be declared here. The return makes provision for declaring local and foreign transactions separately. Any foreign tax credits must also be declared here.

A capital gain (CGT) event is triggered by the disposal of an asset. Unless such disposal or deemed disposal occurs, no gain or loss arises. CGT applies to all assets disposed of on or after 1 October 2001 (valuation date). Only the gain or loss accruing from 1 October 2001 to date of disposal will fall within the CGT regime.

- An **asset** is defined as widely as possible and includes any property of whatever nature and any interest therein.
- A **disposal** covers any event, act, forbearance or operation of law, which results in a creation, variation, transfer or extinction of an asset. It also includes certain events treated as disposals, such as the change in the use of the asset. (Paragraphs 65 and 66 of the Eighth Schedule to the Income Tax Act make provision for the election of tax relief in respect of reinvestment and involuntary disposals in respect of assets disposed off on or after 22 December 2003. For more information refer to the Explanatory Memoranda on the Revenue Laws Amendment Bill (71 of 2003), which is available on the SARS website www.sars.gov.za).
- Once an asset is disposed of the amount which is received or which accrues to the seller of the asset constitutes the **proceeds** from the disposal.
- The **base cost** of the asset is generally the expenditure actually incurred in acquiring the asset together with expenditure directly related to its improvement and direct costs in respect of its acquisition and disposal and certain holding costs. The base cost does not include any amounts otherwise allowed as a deduction for income tax purposes.

What is the base cost of an asset held on 1 October 2001?

In order to exclude the portion of the gain relating to the period before 1 October 2001 any one of the following methods may be used:

- 20% of the proceeds upon realisation can be deemed to be the cost (no records, market value cannot be determined); OR
- Market value of the asset as at 1 October 2001 (the “valuation date”); OR
- Time apportionment method.

Requirements for valuation certificates

Should the market valuation of base cost method be adopted or valuation certificates obtained including certificates in respect of intangible shares in excess of R1 million, unlisted shares in excess of R10 million and other assets in excess of R10 million must be retained for a period of five years after the date of submission of the return in which the disposal of the asset is declared.

Calculating the aggregate gain / loss

Use the table below to list all the proceeds of assets disposed of followed by the base cost. The difference will constitute either the profit or the loss to be filled in the 4th column.

If however the asset disposed of was your primary residence the exclusion column can be used to offset R1.5 million of the profit or loss prior to determining the gain or loss. Please note that the R1.5 million primary residence exclusion will relate to either a profit or a loss.

To assist in the calculation of the aggregate capital gain or loss the following table can be completed:

Proceeds	Base Cost	Exclusions (excl. annual exclusions)	Capital gain / loss

Example: A taxpayer bought a house (primary residence) in 2002 for an amount of R1 million. The property was sold for R2.8 million. The gain should be calculated as follows:

Proceeds	R 2 800 000
Base cost	- R 1 000 000
Primary residence exclusion	- R 1 500 000
Calculated gain	= R 300 000

Add all the amounts in respect of local profits together (as calculated in column four of the table). If any losses incurred you also need to add the losses together and then set off the profit against the loss to determine the aggregate profit or loss. The aggregate local profit or loss must be declared in the return next to codes 4250 and 4251 respectively. In the same manner the foreign profits and losses must be set off against one another to determine the aggregate foreign profit or loss. The aggregate foreign profit or loss must be declared next to source codes 4252 and 4253 respectively.

If you are married in community of property the gross amount profit received by yourself and your spouse must be declared as SARS will apply the 50% split during the calculation of the assessment.

If you are married out of community of property or unmarried only the profits derived by you must be declared.

On assessment SARS will calculate the taxable portion of a capital gain or loss that will be applied in the calculation of tax liability. You must therefore declare the aggregate gross amount(s).

For further detail consult the comprehensive guide on the SARS website www.sars.gov.za.

OTHER LOCAL RECEIPTS AND ACCRUALS

This is the part of the return that you must use to declare any other local income that you received that this return does not specifically provide for such as royalties.

Please note that if you received income distributed from a trust such income retains its identity and should therefore be declared in the specific part of the return relating to the source of the income prior to distribution from the trust.

You also need to indicate whether you received any income from farming activities by marking the “Yes” or “No” block accordingly. If you did receive farming income you need to complete the farming schedule on page five of this return. If you did receive income from farming activities and you did not receive a five page return which makes provision for a farming schedule you need to obtain another return from the SARS website www.sars.gov.za or from your local SARS office.

OTHER QUALIFYING DEDUCTIONS

This is where you need to fill in the amount of your claim in respect of expenditure incurred in respect of a foreign subsistence allowance that was indicated as code 3715 on your IRP5. The amount of your claim must be filled in next to code 4019.

This is also where your calculated claim in respect of travel expenditure incurred if you did not receive a travel allowance, need to be declared. The amount of your claim must be filled in next to code 4015.

DIRECTORS/MEMBERS OF A CC

Indicate whether you are a director of a company or a member of a close corporation by marking the applicable box with an "X". Please note that if you have marked the "Y" box you must also complete the statement of assets and liabilities on page three of the return.

INFORMATION - DEDUCTIONS AND ALLOWANCES

Research and development - Sect 11D

Indicate whether you submitted the documentation required to the Department of Science and Technology by marking the applicable "Y" or "N" block with an "X".

Learnership Agreements - Sect. 12H

Indicate the number of learners for whom allowances are claimed in respect of:

- Learnerships registered and / or
- Learnerships agreements completed.

Urban Development - Sect. 13quat

Indicate the total cost incurred i.r.o. buildings brought into use during the period 1 March 2006 to 28 February 2007.

ADDITIONAL DECLARATIONS

If you are in receipt of:

- More than three IRP5/IT3(a) certificates; and / or
- Used more than 2 vehicles which you calculate your claim against a travel allowance; and / or
- If you received business, trading, professional or rental income from more than 2 sources and you do not consider the income as derived from a single trade,

it is imperative that you complete the "additional declarations" on page three of the return.

You further need to obtain the applicable schedules by downloading it from the SARS website www.sars.gov.za or from your local SARS office. The completed schedules must be attached to your return to prevent the return from being regarded as incomplete. If you are completing your return on-line, schedules can be obtained on-line.

STATEMENT OF ASSETS AND LIABILITIES

If you are a director of a company or a member of a close corporation or you receive income from trading, professional or farming activities you need to declare all line items relating to your local assets and liabilities and also indicate the total amount in respect of your foreign assets and liabilities.

BUSINESS, TRADE AND PROFESSION (including rental)

If you received income from more than one activity/asset and you consider it as a single trade only one column must be completed with the relevant information.

If however you do not consider the income as generated from a single trade you need to reflect the information relating to a source by completing a column in respect of each source. This page however only makes provision for the declaration of income from two trading/professional/rental sources. Should you therefore receive income from more than two sources and you do not consider it as from a single trade you must download a business schedule per trade

from the SARS website www.sars.gov.za. The information relating to the third and subsequent trades must be completed and attached to the return.

RING-FENCING OF CERTAIN LOSSES

With effect from the 2005 year of assessment Section 20A of the Income Tax Act provides that, subject to certain tests, an assessed loss incurred by a natural person may not be set off against any income derived by that person otherwise than from carrying on that trade.

A pre-requisite for the application of Section 20A is that, in the year in which the ring-fencing is applied, the taxpayer's taxable income (before taking into account the set off of any assessed loss incurred in carrying on any trade during that year of assessment and the balance of an assessed loss carried forward from the previous year) equals or exceeds the amount at which the maximum marginal tax rate chargeable in respect of individuals becomes applicable. In respect of the 2007 year of assessment the maximum marginal tax rate will apply to taxable income in excess of R400 000.

In the case of certain identified trades listed in Section 20A(2)(b) of the Income Tax Act, the potential ring-fencing will be applied in the 2005 year of assessment, unless the "facts and circumstances test" indicates that the particular activity constitutes a business which has a reasonable prospect of deriving taxable income within a reasonable period of time.

The three-out-of-five year rule applies to any trade that is not included in the list of identified trades mentioned above. The current year must be taken into account in determining the three-out-of-five-year-rule. Losses incurred in respect of other trading activities not listed as identified trades could, therefore, be subject to potential ring-fencing as from the 2007 year of assessment in terms of Section 20A(2)(a). This would occur if the specific trading activity has realised a loss for three consecutive years, commencing with the 2005 year of assessment. Should any trading activity realise a profit in any one of the three years mentioned above, the potential ring-fencing is delayed.

In respect of both the identified trades, as well as the other trades listed above, ring-fencing can be avoided in terms of subsection (3) of Section 20A. This section provides an escape route in terms of which the taxpayer can prove that the particular activity constitutes a business which has a reasonable prospect of deriving taxable income within a reasonable period of time. More information with regard to the factors to which special regard must be had, can be obtained in the Comprehensive guide available on the SARS website www.sars.gov.za or from the National Call Center 0860 12 12 18. The Comprehensive Guide will further indicate what documentation should be retained for a period of five years should SARS require it.

Description:

A description must be completed in respect of each separate trade unless you consider the various trades as a single trade. If it is considered as a single trade the description relating to the single trade must be reflected.

Unique identifier

If you received income from a specific trade or single trade that was declared in the return submitted in respect of the 2005 and/or 2006 year of assessment, a unique identifier would have been allocated to the specific trade. This unique identifier can be obtained from the assessment notice (IT34) issued by SARS in respect of the relevant year of assessment or it can be obtained by contacting the SARS Call

Centre 0860 12 12 18. Such unique identifier must be completed in this field. In completing the unique identifier number the first two "00" numbers must be ignored. If, however, you only started trading or letting an asset in the 2007 year of assessment a unique identifier number will not be available and the field must be left blank.

Income and expenditure

Complete all line items relevant to your trade by transcribing the information from your financial statements. Where provision is not made for a specific item the amounts relating to such items must be added together and filled in next to the line item "other".

Adjustments (add back and allowable)

Calculate the adjustments that must be applied for tax purposes and complete the relevant line items per trade. Where no provision is made for a specific item the amounts relating to such items must be added together and filled in next to "other".

Taxable profit/loss

Calculate the amount of profit or loss that must be included in taxable income. In the case of a partnership the profit or loss of the partnership must be reflected and the share percentage must be indicated. SARS will calculate the taxable profit / loss to be included in your taxable income. Insert the applicable source code that relates to the specific trade. It is important that the correct source code is inserted to ensure that tax liability is correctly calculated.

The source code can be obtained in the source code booklet available on the SARS website www.sars.gov.za or the codes relating to identified trades as listed below:

Identified trade source codes	
Profit: Sporting	4280
Loss: Sporting	4281
Profit: Collectables	4282
Loss: Collectables	4283
Profit: Animal showing	4284
Loss: Animal showing	4285
Profit: Gambling	4286
Loss: Gambling	4287
Profit: Renting of boats	2428
Loss: Renting of boats	2429
Profit: Local - Rental	4210
Loss: Local - Rental	4211
Profit: Renting of trucks / cars / etc.	2408
Loss: Renting of trucks / cars / etc.	2409
Profit: Author / composer / artist	3110
Loss: Author / composer / artist	3111
Profit: Renting of aircraft	2416
Loss: Renting of aircraft	2417

You need to indicate whether you are of the opinion that the loss incurred should not be taken into account in the calculation of tax liability (loss ring fenced). Please read the question carefully and tick the yes or no block to indicate whether you want the loss to be ring-fenced or not. Should you indicate "Y" the loss, if incurred, will not be taken into account in the determination of your taxable income. Should you indicate that the loss should not be ring-fenced you will have to substantiate the decision by preparing and retaining the documentation referred to in the Comprehensive guide, to support the claim. The documentation must be based on the factors specifically mentioned.

Partnerships

Are you a partner in a business, trade or professional partnership? If yes, please indicate the share percentage profit or loss, to the first decimal point, relating to each business, trade or profession.

FARMING OPERATIONS

Income from local farming partnerships

Indicate whether you participate in a farming partnership by marking the "Y" and "N" block accordingly. If yes, you need to indicate the number of partnerships in which you participate and complete an IT48V in respect of each partnership and attach it to your return. The IT48V is obtainable from the SARS website www.sars.gov.za or from your local SARS office. If you are completing your return on-line the IT48V can be obtained on-line.

Personal farming operations

Description

A description/name of farming operations must be completed in respect of your personal farming operations.

Unique identifier

If you received income from farming operations that was declared in the return submitted in respect of the 2005 and/or 2006 year of assessment, a unique identifier would have been allocated to the specific operations. This unique identifier can be obtained from the assessment notice (IT34) issued by SARS in respect of the relevant year of assessment or it can be obtained by contacting the SARS Call Centre 0860 12 12 18. In completing the unique identifier number the first two "00" numbers must be ignored. Such unique identifier must be completed in this field. If, however, you only started farming operations in the 2007 year of assessment a unique identifier number will not be available and the field must be left blank.

Financial information

Use your financial statements to complete the applicable fields on the IT48. Where the IT48 refers to balances brought forward these balances can be obtained from the IT48 that was mailed to you together with the relevant assessment notice (IT34). The SARS Call centre can also be contacted at 0860 12 12 18 to assist with this information.

Equalised rate and election of live stock values

If such an election has not yet been made you can choose to exercise such an election by completing the "Election of live stock values" and/or the "Election in respect of equalised normal tax rates" available on the SARS website www.sars.gov.za. These signed elections must be retained by you should SARS call for it. For further information consult the comprehensive guide available on the SARS website www.sars.gov.za.

CHOOSE THE WAY IN WHICH YOU WANT TO SUBMIT YOUR RETURN TO SARS

Electronically

By registering as an eFiler on www.sarsefiling.co.za you will be able to receive, complete and submit your return electronically.

Post

Using the envelope provided by SARS, mail the completed and signed return to SARS.

Remember NOT to include any supporting documents.

Drop off

All SARS branches have drop boxes where you can drop off your completed return.