**INCOME TAX: INDIVIDUALS AND TRUSTS**

This SARS tax pocket guide has been developed to provide a synopsis of the most important tax, duty and key related information.

### Taxable Income

<table>
<thead>
<tr>
<th>Income brackets</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1 750 - R3 500</td>
<td>18% of each R1</td>
</tr>
<tr>
<td>R3 501 - R10 000</td>
<td>15% of taxable income other than from retirement funding employment, or 7.5% of remuneration from retirement funding employment, or 5% of remuneration, interest, dividends or rent from the lease of fixed property and is deemed to have been expended</td>
</tr>
</tbody>
</table>

### Deductions

#### Current pension fund contributions

- Taxpayers 65 and over may claim all qualifying expenditure for tax purposes.
- Taxpayers under 65 may claim all qualifying medical expenses in excess of R500, where the expenditure is for the taxpayer’s spouse, child or stepchild who is a handicap person.
- Taxpayers under 65 are limited to the amount which exceeds 5% of taxable income other than from retirement funding employment, or 5% of remuneration, interest, dividends or rent from the lease of fixed property and is deemed to have been expended.
**RESIDENCE BASIS OF TAXATION**

Residents are taxed on their worldwide income.

Foreign income that is taxed in South Africa as a result of a tax treaty is not taxable in South Africa unless the treaty provides otherwise.  

**Taxation of CAPITAL GAINS**

Capital gains or the disposal of assets are included in taxable income.

**INCOME TAX: COMPANIES**

Financial years ending on any date between 1 April 2010 and 31 March 2009

<table>
<thead>
<tr>
<th>Type</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small businesses corporations</td>
<td>10%</td>
</tr>
<tr>
<td>R200 001 – R2 000 000</td>
<td>12.5%</td>
</tr>
<tr>
<td>R2 000 001 – R3 300 000</td>
<td>20%</td>
</tr>
<tr>
<td>R3 300 001 and above</td>
<td>28%</td>
</tr>
</tbody>
</table>

**Employer-claimed vehicles**

The taxable value is 1.5% of the determined value (usually the cash cost excluding VAT) per month.

**Fringe Benefits**

The formula will apply if the accommodation is owned by the employer, or an associated institution in relation to the employer, or if it is not owned and:

- The accommodation is not for the exclusive use of any particular employer to provide free or subsidised accommodation to its employees, and
- It is necessary for the particular employer to provide free or subsidised accommodation:
  - to perform the functions of the employees of their duties, or
  - as a result of the frequent movement of employees of the employer, and
  - as a result of the lack of non-employer-occupied accommodation.

- The benefit provided solely for bona fide business purposes other than for obtaining or retaining an employee.

**OTHER TAXES DUTIES AND LEVIES**

Transfer duty is payable at the following rates on transactions which are not subject to VAT.

- Acquisition of property by persons other than natural persons: 7.5% of the value
- Acquisition of property by persons other than natural persons: 10% of the value
- Unlisted real estate securities (regulation of transfers and cancellations, but not on issue from 1 January 2007)

**OTHER TAX PROPOSALS**

- Small business stimulus package
- Eliminate excise duties on sun protection products and base oils for lubricating purposes
- Strengthening of general anti-avoidance rules
- Increase fuel taxes by 10 cents a litre
- Small business stimulus package

**SARS INTEREST RATES**

- SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.
- From 1 March 2006 a new tax system for the tax treatment of medical scheme contributions will be introduced, which will favour low to middle income earners.