



Tax Smart

Client Newsletter

April 2010

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Accumulo House
11B Bedfordview Office Park
3 Riley Road
Bedfordview
2007

Tel: 011 450 4501
Fax: 011 450 4538

Articles on our Website:

- [Information Pack.](#)
- [Logbook.](#)
- [Price List.](#)

Individual Highlights:

Tax Smart and Accumulo Consulting	1
Charlie Smart retires	1
We have moved	2
The approach of the new tax season	2
Budget Highlights	2
Provisional Tax	3
Tax Services	3
Accounting clients	3

Last year was a tricky year for many of us in the context of our tumultuous local economy. The ripple effect of the global recession has been felt as acutely by people who have become unemployed or taken salary decreases, as it has by people running their own businesses - especially in the small business sector. While demand for end user products have drastically decreased and supplier costs have increased, people have struggled to make ends meet as

consumers and as taxpayers. The approach of the 2010 World Cup will hopefully give us all a little reprieve from reality (despite the price of the cheapest tickets!) and lift our spirits in a turbulent period. At Tax Smart, we too have had to roll with the times and are excited to inform you of some changes we have made in our constant quest to offer you better, more valuable and affordable services.

Tax Smart and Accumulo Consulting

Running any business is tough and our experience is no exception. It has always been vital to the ethos of our company to constantly find ways to provide better service. Yes we crunch numbers, but we want to be able to crunch them for a client base that has ever diversifying needs and interests. As such we joined our enterprise with Accumulo Consulting, an established team of professionals, connected to an associated auditing firm; that has been run by a team of knowledgeable, experienced and hands on accountants. We have been working with Philip, Roland and Shaleen and their team for the past six months and are

thrilled to report that it is going very well and we are definitely continuing the partnership. We are now able to provide a much more specialised service with people who are themselves also a small - medium business and know what is important to us as normal individuals working in difficult times. Understandably, many of you may have concerns about who this new firm is and who will be handling your tax affairs - rest assured that the same team is still around and the way we work is not going to change - except hopefully for the better. Please do contact us if you would like to discuss this matter further.

Charlie Smart retires

It is with great sadness, that we say goodbye to our founding member of Tax Smart. The additional knowledge, infrastructure and staff provided by joining forces with Accumulo has allowed Charlie the time and freedom to make her decision to retire from the busy and stressful pressures of running a tax and accounting firm. Her trademark approachability and dedication to helping her clients will be sorely missed by those

of you who had dealings with her personally, but we can assure you that while we can't provide another Charlie, we can still provide you with an excellent level of service, knowledge and amicability in Iman Fredericks, her very competent and qualified replacement. Old members Eleanor and Glen are still on the job, as are all the other old faces, so you are still in safe and familiar hands.



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We have moved

Tax Smart has always loved a new location as you know by now, but this time we have moved for keeps - we promise! We are now in Accumulo House

down the road from our old offices. Please check out the website for the map of the new premises. All other contact details are the same.



Our new offices



Glen, Eleanor, Sionain, Iman and Ellaine.

The approach of the new tax season

Just as we feel we have got one tax year out the way, another one is ready to pounce. If you are an individual taxpayer, please see 2010 the information pack on our website of what we require to prepare your return. We will also be sending you this information pack direct to the e-mail address we have on record for you – please watch out for it. Note that while your IRP5's are automatically uploaded to your return, this does not mean it is automatically submitted. Each person is required to submit data to SARS whether it is in respect of their personal

deductions or their living expenses. We have noted a marked increase in the number of audits - whether of deductions claimed or lifestyle probes so it is becoming imperative we have a full status history for each client, each year. This will also assist us to ensure we have got you on the best tax planning platform. Lastly, if your contact or bank details change, please let us know soonest. SARS have introduced stringent new penalties which will be imposed for administrative details that are not up to date.

Budget highlights

This year's budget did not bring too much in the way of drastic change - for which we should be thankful - or so we are told. While there have been veiled hints of increases in tax rates, things don't look set to change in the immediate future. There has been some tax relief for individuals that partially compensates for inflation, but nothing to rock the boat. Interest, medical and CGT exemptions increase slightly, but there still is nothing concrete on how the new dividend tax

system is going to work which a lot of people are of course interested in. There looks to be an increase in fringe benefit tax on company cars - something definitely to keep an eye on if you are considering the options between going the company car or travel allowance route. In this vein, from March 2010 those of you who have a travel allowance will see it being taxed at 80%. This will mean a slight decrease in monthly take home, taking into account the tax rate relief, but

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011 450 4501

FAX:
011 450 4538

E-MAIL:
tax@taxsmartcc.co.za

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hopefully we can recover some of this lost tax on your tax return. As logbooks are now compulsory don't forget to keep yours! This is essential! We have a template on our website - please ensure you are using an acceptable format. The media is informing us of a variety of electronic devices that are becoming available to log your business mileage automatically as you drive, so watch out

for those products.

We have had a couple incidents where clients with small business have gone ahead and registered themselves for turnover tax. Please ensure you seek our advice if you are thinking of going this route. You could end up paying more tax than you think- especially as the tax is applied on turnover and not profit- two very different items for tax purposes.

Provisional Tax

The changes to the legislation in provisional tax have brought on a flurry of activity and concern for advisors and clients alike. Provisional taxpayers are those individuals that earn extraordinary income from a source other than formal employment. As such all companies would of course be provisional taxpayers, as are individuals that earn interest from investments over R22 000, people who earn income from renting out a property or running a businesses in their own names. The tax that would be due on this untaxed income is then required to be paid every August and February. Many clients have been registered for provisional tax and are anxious at this as it is new tax terrain. Firstly we don't have a choice in whether we are registered or not - SARS does this automatically when they see extra income on your return. Secondly, your advisor is available to

help you with this compulsory process. A lot of you will have experienced a request for information in the past February provisional tax period and this is why. We are required to provide accurate estimates of your total income in advance of the end of the tax year and failure to do so will result in new and heavy penalties being imposed. While this does mean more administration for clients and advisors alike to ensure the two additional returns are rendered correctly each period, it is in our best interests to ensure that we get the information right and on time. Unfortunately this will also mean an increase in your Tax Smart premium as much more time and effort has to spent in ensuring your provisional tax responsibilities are compliant. You will be informed personally of this fee and can be discussed with your consultant.

Tax Services

We have amended our price list which is available on our [website](#). We are also able to offer credit card facilities in-house.

Accounting Clients

For the clients whom we manage accounting and / or payroll records, we recommend that you contact Philip, Roland or Shaleen on (011) 450 1255 to make an appointment if you have not yet done so or visit the [website](#).

Distribution of the newsletter

Eleanor will be distributing the newsletter this month but in future the newsletter will be emailed from pr@taxsmart.cc.za

