



Tax Smart

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June 2009

Newsflash- What you need to know about the 2009 filing season

Dear client

Kicking into this tax season be sure you are ready and armed! Last year was a wobbly year for SARS with strange filing dates and endless problems with the e filing system, but we suspect a lot of those problems will be ironed out this year. So hopefully we can expect quicker turnaround times not only on tax assessments but on queries and objections- which have been unbelievably difficult to get resolved by SARS. Read on to ensure you are in the know for the upcoming tax season as well as for some background on the big issues of the year.

The 2010 Budget- looking ahead

Not too much has changed in the 2010 budget for the ordinary taxpayer. The tax tables and exemption thresholds have been adjusted to account for inflation and there have been some interesting developments in terms of the taxation of retirement fund resignations. SARS are aggressively targeting taxpayers who cash in their pension funds pre-retirement so all of us in that mind- be warned. The message is, if you spend your retirement funds, you will pay...and pay.

For taxpayers with travel allowances, please note that the deemed cost formula will be scrapped from the 2010 tax year. This means that logbooks are non-negotiable: no logbook= no travel claim. Without a logbook, in rand value; this will most certainly mean that you will be paying back on assessment so please get into this habit now. See our website for templates.

A bit of a buzz has been caused by the new turnover tax which has been introduced to cut down the enormous tax administration load incumbent upon small businesses whether they are CCs or sole proprietors with turnovers of less than R1million. The basis of this initiative is that qualifying businesses may opt to be taxed on this regime and will be subject to a sympathetic tax table based on yearly turnover. The idea is that basing the tax to apply on turnover cuts out all the heavy record keeping and tax assimilation instruments required to determine profit each year. But beware- the devil is in the detail. The system means a compulsory tie in for 3 years so if you discover you are running at a loss and would be better off on the standard regime, it's too late once you are in. A big blow is also that it is not available for professional service providers. And lastly, we are of the view that it is intrinsic to the success of a business owner to get into the habit and practise of keeping your books in order. Strategically one wants to keep taxable profit as low as possible as well as to assess where the business is penny-wise at any given point and for this reason a well kept set of books is a must- so consider the turnover tax carefully.

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Requirements for the 2009 tax season- we still need your input!

Last year's SARS campaign was somewhat misleading and confusing. We have had several clients who have been under the impression that their returns do not need to be actively submitted because SARS do not require any documentation anymore with the advent of e-filing. Other clients have thought that since their IRP5s are already pre-loaded onto their electronic return forms, they do not need to do anything further. This could not be further from the truth. While IRP5s have been pre-populated on your returns, nothing else has. SARS has no record of car or property changes, investments etc, so we need to declare all of that as usual. All that has changed is that we don't have to submit the paperwork with your returns- but we still require the same info as always to ensure everything is correctly declared as well as to provide manually to SARS in the event of audit. On this note, be aware that audits are becoming common. E-filing has freed up manpower to nitpick at people's declarations so ensure you give us all your information as thoroughly as possible as we cannot estimate anything on your behalf. We would therefore appreciate it if you could take the time to go through the schedule attached and ensure we know everything. We want to ensure you don't pay one red cent of tax more than is necessary!

Company clients- VAT and PAYE deadlines

If you are one of our CC, trust or PTY clients, be aware that the penalties on late submission of monthly VAT and PAYE are becoming very heavy. We therefore request that you have your information to us well in advance of deadlines so that our dedicated team of bookkeepers can ensure you are kept out of the penalty schtook and also to ensure that the best result is achieved.

Also if you are finding your own share of the bookkeeping responsibilities are becoming too much to handle, do contact Aakhil (who heads up our accounting division) or any member of the team to enquire how we can help. Or contact us to make sure you are on the right track and have been registered for all the mandatory registrations such as PAYE or SDL. We are finding a lot of clients are members of CC's and have no idea that they are supposed to be registered due to the old school idea that members or directors pay their personal income tax via the provisional tax system.

That's it for now. Please contact us if you have anything you wish to discuss. Our team is here to ensure that you get the most out of your tax pennies- so call us if there is something on your mind.

Onwards and taxwards!

Regards

THE TAX SMART TEAM

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