TUFFIAS SANDBERG

CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

2005 / 2006

Budget summary & Financial information

Real People. Real Solutions.

CONTENTS

BUDGET PROPOSALS

Tabled by the Minister of Finance on 23 February 2005:

Individual tax

Rebates
Primary rebate increased to R6 300 (2005 – R5 800)
Secondary (65 and over) rebate increased to R4 500 (2005 – R3 200)

Tax brackets
Restructured to increase tax threshold
Maximum rate reached at R300 000 (2005 – R270 000)

Tax thresholds increased
Below 65 to R35 000 (2005 – R32 222)
65 and over to R60 000 (2005 – R50 000)

Interest
Exemption increased:
Under 65 to R15 000 (2005 – R11 000)
65 and over to R22 000 (2005 – R16 000)

Foreign interest and dividends
Exempt portion increased to R2 000 (2005 – R1 000)

Motor vehicle allowances
The taxed value of company cars will increase to 2,5% from 1,8% with effect 1 March 2006
The table for computing the travel allowance has been amended with effect 1 March 2005. The value of the vehicle has been capped at R360 000, the deemed private kilometers increased to 16 000 (2005 – 14 000) which will be further increased to 18 000 in 2006

Medical expense deductions
The two-thirds tax free company contribution will be replaced by a capped tax deduction, dependent on the number of beneficiaries, with effect 1 March 2006

Transfer duty
Exempt threshold increased to R190 000 (2005 – R150 000) with effect 1 March 2005

Company tax rate
With effect from year ending after 1 April 2005
Company tax rate reduced to 29% (2005 – 30%)
Employment company tax rate reduced to 34% (2005 – 35%)
Small business corporation will pay no tax on first R35 000 of taxable income, 10% (2005 – 15%) in the range R35 000 to R250 000 (2005 – R150 000) and 29% (2005 – 30%) thereafter

Small business corporations
The turnover requirement has been increased to R6 million (2005 – R5 million) and depreciation allowance at the rate of 50/30/20 will be granted on all assets, other than manufacturing which retain their 100% allowance. The start-up allowance of R20 000 has been removed.

VAT return filing
With effect 1 August 2005 businesses with a turnover of less than R1 million may submit VAT returns every four months

Skills development levy
Businesses with a payroll not exceeding R500 000 (2005 – R250 000) will not have to account for SDL from 1 August 2005

Regional services council levies
It was proposed to abolish RSC levies on 30 June 2006, to be replaced with alternative tax instruments or funding arrangements

COMPANIES AND CLOSE CORPORATIONS

TAX RATES

Normal tax

Financial year end commencing after 1 April

Small business corporations		*Rate*
2005	*First R35 000*	*0%*
	From R35 000 – R250 000	*10%*
	Thereafter	*29%*
2002 – 2004	*Small business corporation*	
	First R150 000	*15%*
	Thereafter	*30%*
2001	*First R100 000*	*15%*
	Thereafter	*35%*
Employment companies and foreign resident companies trading in South Africa through a branch or agency		
2005		*34%*
2001 – 2004		*35%*
Other companies		
2005		*29%*
2001 – 2004		*30%*

Secondary tax on companies

Distributions after 14 March 1996	*12,5%*

TRUSTS – OTHER THAN SPECIAL TRUSTS

Rate for year ended 28 February 2003 – 2006

40% of taxable income

No primary rebate

No interest exemption

SPECIAL TRUSTS

Taxed at the same rate as individuals

No rebate or interest exemption

Defined as one created solely for the benefit of a person suffering from a severe mental illness or physical disability, or a testamentary trust established solely for the benefit of minor children related to the deceased

INDIVIDUALS

TAX TABLES

For the year ended 28 February 2006

Taxable income R	Rates of Tax R		
0 – 80 000		18% of each R1	
80 000 – 130 000	14 400	+ 25% of the amount over	80 000
130 000 – 180 000	26 900	+ 30% of the amount over	130 000
180 000 – 230 000	41 900	+ 35% of the amount over	180 000
230 000 – 300 000	59 400	+ 38% of the amount over	230 000
300 000 and over	86 000	+ 40% of the amount over	300 000

For the year ended 28 February 2005

Taxable income R	Rates of Tax R		
0 - 74 000		18% of each R1	
74 000 - 115 000	13 320	+ 25% of the amount over	74 000
115 000 - 155 000	23 570	+ 30% of the amount over	115 000
155 000 - 195 000	35 570	+ 35% of the amount over	155 000
195 000 - 270 000	49 570	+ 38% of the amount over	195 000
270 000 and over	78 070	+ 40% of the amount over	270 000

REBATES

	2006	**2005**
Primary	R6 300	R5 800
65 and over	R4 500	R3 200

TAX THRESHOLDS

Below 65	R35 000	R32 222
65 and over	R60 000	R50 000

EXEMPT INCOME

Interest

Below 65	R15 000	R11 000
65 and over	R22 000	R16 000

Dividends and distributions from close corporations

Lump sum gratuities

On retirement	R30 000	R30 000
Redundancy in specific circumstances	R30 000	R30 000

War and certain disability pensions

Unemployment insurance benefits

DEDUCTIONS

Pension fund contributions

Greater of :

7,5% of taxable income from retirement funding employment, or

R1 750

Retirement annuity fund contributions

Limited to the greater of:

15% of taxable income, excluding income from retirement funding employment, or

R3 500 less current pension contributions, or R1 750

Reinstated retirement annuity fund contributions limited to R1 800

Excess contributions may be carried forward to the following year

Medical and physical disability expenses

Over 65	*All expenses*	
Below 65	*Non-handicapped family member*	
		Expenses in excess of 5% of taxable income
	Handicapped family member	
		Expenses in excess of R500

Qualifying expenses

Medical aid contributions

Payments to

medical practitioners, dentists, etc
hospitals and nursing homes
pharmacists for prescribed medicines
not recovered from medical aid including those on behalf of spouse or child

Any necessary expenditure incurred for disability of a family member

Donations

Limited to

5% of taxable income before medical and donations

Donations to funds conducting qualifying public benefit activities

Welfare and humanitarian – children's and old age homes
Health care – prevention and care of HIV/AIDS
Education and development – as defined by various acts
Conservation, environment and animal welfare

MINOR CHILDREN

Under 21 years

Separately taxed, except on income resulting from donation by parent which is taxed in donor's hands

MARRIED PERSONS

Out of community of property

Separately taxed

In community of property

Each spouse will be taxed on

Income earned from independent trade
Agreed share of profit from joint trade
One half of income from rental and non-trade income
Purchased annuity deemed to be income of spouse entitled to it
Income from assets that do not form part of joint estate, in terms of conditions of bequest

SITE

Deducted from net remuneration not exceeding R60 000
SITE only taxpayers need not lodge a tax return

PAYE

Directors of private companies and members of close corporations

Effective date 1 March 2002
Based on the greater of

actual remuneration for the month or
deemed monthly remuneration = T/N, where
T= remuneration paid in last year of assessment of the director
N= number of completed months director was employed by the company in the last year of assessment

Effective March 2004
Where more than 75% of remuneration in the form of fixed monthly payments, actual remuneration must be used

Special provisions

Where last year assessed is not the immediately preceding year, use that year's remuneration plus 20%
If that year's remuneration has not been determined, Commissioner determines amount to be used
Bonuses relative to prior tax years accrue in that year and are not included in actual remuneration, the tax is payable by the director on assessment. The bonus must be included in prior year income when quantified i.e. the deemed monthly remuneration must include the bonus once it has been quantified, PAYE in the earlier months need not be adjusted

Other employees

On net remuneration in excess of R60 000

FRINGE BENEFITS

Right of use of motor vehicle

1,8% of determined value on first vehicle
4% on second and subsequent vehicles
Determined value is

– *Original cost excluding VAT reduced by 15% reducing balance for every complete 12 months from date of acquisition to date employee granted use*

Where both travel allowance and right of use of vehicle received, right of use computed at 4% of determined value

Travelling allowance

May be paid by fixed monthly allowance or per kilometre

Unless based on actual business travel, PAYE to be deducted on 50% of allowance

Computation of business travel may be based on

- *Actual figures for costs and kilometres – logbook required*
- *Deemed costs and actual kilometres – logbook required*
- *Deemed figures for costs and kilometres – total kilometres required*

Kilometres deemed as private – first 16 000 kms and in excess of 32 000km

Scale for determining the costs of travelling

Value of the vehicle (including VAT)	Fixed Cost (R p.a.)	Fuel Cost (c/km)	Maintenance Cost (c/km)
0 – R40 000	14 489	34,5	21,6
R40 001 – R60 000	19 869	36,2	22,4
R60 001 – R80 000	25 058	36,2	22,4
R80 001 – R100 000	30 893	40,7	27,8
R100 001 – R120 000	35 578	40,7	27,8
R120 001 – R140 000	40 732	40,7	27,8
R140 001 – R160 000	46 157	45,0	37,7
R160 001 – R180 000	51 930	45,0	37,7
R180 001 – R200 000	57 332	51,1	41,6
R200 001 – R220 000	63 287	51,1	41,6
R220 001 – R240 000	68 697	51,1	41,6
R240 001 – R260 000	74 287	51,1	41,6
R260 001 – R280 000	78 992	53,9	49,8
R280 001 – R300 000	83 744	53,9	49,8
R300 001 – R320 000	88 854	53,9	49,8
R320 001 – R340 000	94 322	53,9	49,8
R340 001 – R360 000	99 240	59,8	65,5
exceeding R360 000	99 240	59,8	65,5

Where reimbursement received for less than 8 000 km for business may deduct R2.38 per km if no other allowance or reimbursement received, option of recipient

Medical aid

The fringe benefit is the amount by which the employer's contribution to a medical aid for the benefit of an employee exceeds two thirds of the total contribution

Subsistence allowance

Taxable to extent not expended, proof not required where allowance equal to:

R196 per day for meals and incidental costs, or

R60 per day for incidental costs, or

US$190 per day for travel not exceeding 6 continuous weeks outside the common monetary area

Low interest loans

No benefit is placed on casual loans to employees up to R3 000 or study loans

Taxable benefit on other loans is calculated on difference between official rate of interest and interest charged

Official rate of interest

Rate	***Period***
9,5%	*1 December 2003 – 29 February 2004*
9%	*1 March 2004 – 31 August 2004*
8,5%	*1 September 2004 – current*

Residential accommodation

Calculated per formula less employee contribution where

full ownership vests in employer; or

full ownership does not vest and

– customary in industry to provide accommodation, and

– necessary to provide accommodation, and

– employee has no interest in house

$$(A - B) \times \frac{C}{100} \times \frac{D}{12}$$

where

A = remuneration in preceding year

B = R20 000

C = 17; or

If accommodation consists of at least 4 rooms:

18 if unfurnished and power supplied by employer

18 if furnished and power not supplied by employer

19 if furnished and power supplied by employer

D = number of months in year entitled to use accommodation

Other benefits

Benefits from share incentives

Bursaries and scholarships

Acquisition of assets at lower than market value

Holiday accommodation

Home ownership schemes

Right of use of assets

RESTRAINT OF TRADE

Imposed after 23 February 2000 must be included in gross income in the year it is received

The deduction is limited to the lesser of

– the amount apportioned over period of the restraint, or

– one third of the amount paid

Not allowed where amount not taxable in hands of recipient

LUMP SUM BENEFITS FROM FUNDS

TYPE OF FUND AND OBJECTIVE THEREOF	LUMP SUM PAYABLE FREE OF TAX		
	ON RETIREMENT	ON RESIGNATION	ON DEATH
PENSION FUND To pay an annuity to employees on retirement A maximum of 1/3 of the capital accumulated in the fund may be commuted to a lump sum	N/10 x AS limited to the greater of: – R120 000 or – R4 500 x N plus contributions not allowed as a deduction in the past	The greater of: – own contributions disallowed as deductions in the past; or – amount paid into a recognised pension or retirement annuity fund plus R1 800	As for retirement, but with a minimum of the greater of: – R60 000; or – 2 x salary (limited to R60 000) during the last 12 months, plus contributions not allowed as a deduction in the past
PROVIDENT FUND To pay a lump sum to employees on retirement	Same as pension funds with a minimum of R24 000 plus own contributions not allowed as a deduction in the past	Same as pension funds except that any amount transferred to another approved provident fund will also be allowed as a deduction	Same as pension funds
RETIREMENT ANNUITY FUND To pay an annuity to contributors to the fund on retirement A maximum of 1/3 of the capital accumulated in the fund may be commuted to a lump sum	1/3 of the amount in the fund limited to the greater of: – R120 000 or – R4 500 x N plus own contributions not allowed as a deduction in the past	Not applicable as no lump sum is payable on withdrawal	One third of own contributions plus reasonable interest subject to Minimum of the greater of – R60 000; or – 1/3 of all annuities which could have arisen if the date of retirement was one day prior to date of death Maximum of the greater of – R120 000; or – R4 500 x N

1. N = the number of completed years of employment not exceeding 50, or the number of completed years of membership during which contributions were made
2. AS = the highest annual average salary actually earned during any five consecutive years not exceeding R60 000
3. The lump sum benefits in excess of tax free limits are taxed at the higher average rate determined over the current and preceding year of assessment before inclusion of the lump sum benefit

RING FENCING OF ASSESSED LOSSES

Applies

- *natural person whose income before assessed loss from trade is greater than R300 000 (2005 – R270 000)*
- *taxpayer incurred a loss in trade in 3 of 5 preceding years, or*
- *trade relates to*
  - *sport practices, dealing in collectibles, animal showing, performing or creative arts, any form of betting or gambling by the taxpayer or relative*
  - *rental of residential accommodation, vehicles or aircraft unless 80% used by persons not relative for at least 6 months*
  - *farming or animal breeding (unless on a full-time basis)*

May be prevented

- *trade constitutes business and "facts and circumstances" presented for consideration except where losses in 6 out of 10 years commencing 1 March 2004*

COMPANY TAX

Companies include close corporations

Normal companies taxed at 29%

Small business corporations taxed at

- *0% on first R35 000*
- *10% on R35 000 – R250 000*
- *29% on excess over R250 000*
- *defined as corporation where:*
  - *all shareholders are natural persons for the entire year*
  - *gross income does not exceed R6 million*
  - *no shareholder held more than an insignificant interest in any other company during year of assessment*
  - *not more than 20% of gross income is investment income*

Employment company taxed at 34%

- *defined as company other than labour broker where:*
  - *service is rendered personally by a connected person, and*
  - *person would be employee of client if service rendered directly, or*
  - *person is subject to control or supervision of client*
  - *amounts are paid at regular intervals*
  - *more than 80% of income is received from one client*
  - *excludes company that employed 3 full time employees during entire year other than shareholders or members*

Gold mining companies not subject to STC taxed at 37%

Foreign company branch not subject to STC taxed at 34%

ASSET REINVESTMENT RELIEF

Taxable recoupments on the sale of business assets can be deferred provided proceeds fully reinvested in other qualifying assets within a period of three years. The recoupment is taxable over the wear and tear period applicable to the replacement asset.

CAPITAL ALLOWANCES

Type of assets and conditions	***Annual allowance***
Buildings in urban development areas – commercial or residential – Refurbishment of existing – New	* 20% straight-line 20% in year 1, 5% thereafter*
Plant and machinery – small business corporations – Used in process of manufacture or similar	* 100%*
Industrial buildings – used wholly or mainly in process of manufacture or similar where construction commenced – between 14 March 1961 and 31 December 1989 – between 1 January 1989 and 30 June 1996 – between 1 July 1996 and 30 September 1999 – from 1 October 1999	* 2% 5% 10% 5%*
Purchased industrial buildings	*Same % as seller, except for 10%*
Residential buildings – Consisting of at least 5 units erected under housing project	* 10% initial, 2% annual*
Hotel buildings – construction commenced – after 3 June 1988 – new – after 17 March 1993 – improvements	* 5% 20%*
Plant and machinery – new and unused, acquired between 1 March 2002 and 28 February 2005 – other plant and equipment	* 40% in year 1, 20% thereafter 20%*
Hotel equipment – brought into use after 15 December 1989	* 20%*
Farming equipment – brought into use after 1 July 1989	* 50/30/20*
Aircraft – Acquired on or after 1 April 1995	* 20%*
Research and development capital costs – from years of assessment commencing after 1 January 2004	* 40% in year 1, 20% thereafter*
All depreciable assets except plant and machinery – small business corporations – from years of assessment commencing 1 April 2005	* 50/30/20*

WEAR AND TEAR

The following write off periods may be used provided:

- *Adequate records are maintained*
- *Consistent application to assets of same class*
- *Reduced proportionally if the asset acquired and brought into use during the year*
- *Assets written off in full must be at R1*
- *Records maintained so that asset value can be determined at any point in time*

On disposal tax return to include for each asset disposed of:
- *Date of acquisition and original cost*
- *Income tax value at the end of the preceding year*
- *Price realised on disposal and the tax profit or loss*

General categories of write off periods	***No. of years***
Farming equipment and machinery	*4-6*
Dental, doctors' and medical equipment	*5*
Construction equipment and vehicles	*3-4*
Passenger vehicles	*5*
Trucks, delivery vehicles, motor cycles	*4*
Office equipment	*3-6*
Computer hardware and software	*2-5*
Furniture, fittings, carpets and curtains	*6*
Lift installations	*12*
Air conditioners	*6*
Aircraft	*4*
Industrial equipment and machinery	*4-6*
Demountable partitions	*6*
Fire extinguishers (loose units)	*5*
Valuable paintings	*25*
Pallets	*4*
Patterns, tooling and dies	*3*
Special patterns and tools	*2*
Television, radio, recording and film equipment	*6*
Heavy duty trucks	*3*
Vending and dispensing machines	*6*
Reference books	*3*

Assets with a cost not exceeding R2 000 may be written off in full in first year

LEARNERSHIP ALLOWANCE

Effective 1 October 2001
Where employer enters into a registered learnership agreement with a learner who
- *was previously employed may deduct the lesser of*
  - *70% of annual equivalent of remuneration of learner, or*
  - *R17 000*
- *was not previously employed the lesser of*
  - *annual equivalent of remuneration of learner, or*
  - *R25 000*

On completion of the learnership agreement, the lesser of
- *annual equivalent of remuneration of the learner, or*
- *R25 000*

SECONDARY TAX ON COMPANIES (STC)

STC introduced with effect 17 March 1993
STC paid at rate of 12,5% on dividends declared after 13 March 1996 by South African resident company
Payable on last working day of month following that in which dividend accrues to shareholders

Dividend cycle

For first dividend declared after 17 March 1993 commences later of:

1 September 1992, and

the day after dividend declared before 17 March 1993

Subsequent dividend, cycle commences

the day after end of previous dividend cycle and ends

day dividend accrues to shareholder

Net amount

STC calculated on net amount for dividend cycle

- *Dividend declared, less*
- *Sum of dividends accrued to company*

Any excess for dividend cycle carried forward to next cycle

Dividends not deductible in computing net amount are usually those not subject to STC, including

- *dividends declared by fixed property companies which were allowed as tax deductions*
- *dividends distributed in course of or in anticipation of liquidation or deregistration attributable to capital profits or profits derived prior to 31 March 1993*
- *dividend distributed by unit portfolio representing interest*

Exemptions

Dividends exempt from STC include those declared:

- *by companies exempt from tax in terms of Section 10 of Income Tax Act*
- *by property funds or trusts*
- *in course of liquidation or deregistration out of profits derived prior to 31 March 1993 and capital profits limited to the amount determined as being attributable to the period prior to 1 October 2001. The company must, within 6 months of the distribution, in the case of liquidation, lodge a resolution authorising the voluntary winding up of the company and dispose of all its assets and liabilities, or in the case of a deregistration, lodge a statement signed by each director that the company has ceased carrying on business and that it has no assets or liabilities. In addition all returns or information must be submitted to SARS*
- *by unit portfolios representing interest or dividends*
- *by a subsidiary to its holding company which owns 75% directly or indirectly*
- *by companies representing an in specie distribution of primary residence in terms of Capital Gains Tax regulations*

Deemed dividends

Distributions of benefits to a recipient, namely a shareholder or connected person to a shareholder, are deemed dividends for STC and include:

- *cash or asset distributed to or for benefit of recipient*
- *release of recipient's monetary obligations to company*
- *settlement of recipient's obligation to third party by company*
- *amounts applied for the benefit of the recipient*

Deeming provisions will not apply where distributions are:

- *capitalisation issues paid out of share premium account*
- *distributions from share premium account*
- *remuneration or settlement of debt owing to recipient*
- *in excess of reserves available for distribution*
- *loans granted subject to interest rates not less than official rate*
- *loans granted in terms of normal loan scheme available to employees of the company– first loan made to recipient repayable before end of next year of assessment*
- *loan to another company whose shareholding is same as company's*
- *loan to holding company or other affected company held by same holding company which is utilised in Republic*
- *loan to trust to enable it to acquire shares in the company under a share incentive scheme for employee*
- *loan is repaid before the end of the next financial year, not included in a subsequent loan and this provision has not been applied by the company in any previous year of assessment*

RESIDENCE-BASED TAXATION

Effective from years commencing on or after 1 January 2001

Resident is defined:

Natural person who is

- *ordinarily resident*
- *not ordinarily resident but who is*
  - *physically present for periods exceeding 91 days during year of assessment as well as for periods exceeding 91 days during each of 3 years before year of assessment, and*
  - *for periods exceeding 549 days during such 3 preceding years with effect from the first day of that relevant year of assessment*

Person shall not be deemed resident if physically outside Republic for continuous period of at least 330 days taken from first day ceased to be present

Company or trust

- *incorporated, established or formed in Republic, or*
- *has place of effective management in Republic*

Taxation of foreign income

Individuals exempt to maximum R2 000 for both interest and dividends

Investment income

- *Interest to be converted at spot rate when it accrues*
- *Rental income after deduction of expenses and allowances at average rate of exchange ruling for the year*
  Losses may not be set off against South African income
- *Unit trusts as if South African fund*
- *Dividends, unless taxpayer elects to be taxed on net amount*
  - *Less than 10% of shareholding*
    - *gross amount of dividend before withholding tax*
    - *less withholding tax on dividends levied by foreign country*
  - *More than 10% of shareholding but not subsidiary*
    - *proportionate amount of pre-tax profit from which dividend declared before withholding tax*
    - *less taxes paid by distributing company and withholding tax on dividends levied by foreign country*

Employment

- *Taxable, except where*
  - *Services rendered outside South Africa on behalf of employer and person was outside South Africa for periods exceeding 183 days during 12 month period and for continuous period exceeding 60 days during 12 month period*

Pensions

- *Taxable, except where*
  - *Received under social security system of any other country*
  - *Received in consideration of past employment outside South Africa*

Controlled foreign companies (CFC) income

- *Applies where 50% of shares held and / or control is by South African residents and taxpayer holds at least 10%*
- *Proportionate share of income included in resident's income calculated in same way as taxable income*
  - *Deductions and losses are limited to income*
  - *Losses may be carried forward to next year's CFC income*
  - *Exceptions*
    - *Where income of CFC is attributable to business establishment in any other country*
    - *Where income of CFC is taxed at qualifying statutory rate in designated country*

Certain amendments have been made which will apply from tax years ending on 31 May 2005 for companies and 28 February 2006 for individuals, including

- *Removal of designated country definition*

Exemptions

- *if dividend declared by listed company where more than 10% of shares held by South African residents*
- *if more than 25% of equity held by residents*

Deemed income

Where SARS has reason to believe

- *a South African resident has not declared or accounted for funds owned outside South Africa or*
- *where income could be attributed to that resident by virtue of a donation or disposition by him*

it must estimate the value of the funds, taking into account any information at its disposal relative to the funds transferred, income received and period concerned

Income is attributed to the funds at the official rate of interest – currently 8,5%

Provision is effective 1 January 2003 and applies to tax years ending on or after that date

NON-RESIDENTS

Interest

Exempt where

- *non-resident does not carry on business in South Africa*
- *natural person absent for total of 183 days during year*
- *non-resident not a resident of common monetary area*

Unit portfolio dividends derived from interest are deemed to be interest

Dividends

Exempt

Royalties

Withholding tax of 12% levied on gross amount of royalties paid for use of patent, design, trademark, copyright, model, etc or know how
Royalty income subject to withholding tax is excluded from gross income

Business income, remuneration, rental income

Taxed in the normal course if the source of the income is South Africa

CAPITAL GAINS TAX (CGT)

Effective date 1 October 2001

Basic framework

Aggregate gain will be included in taxable income

- *South African resident taxable on disposal of worldwide assets*
- *Non-resident on disposal of immovable property in South Africa or of assets of a permanent establishment in South Africa*

Gain or loss must be determined for each asset taking base cost into account

Losses are set off against gains, any excess carried forward to following year

Taxable portion

Companies, close corporations and trusts on 50% of gain – effective rate 14,5% for companies and 20% for trusts

Natural persons and special trusts on 25% of gain in excess of R10 000 per annum – maximum effective rate 10%

Disposals

Include:

- *Sale or transfer of ownership*
- *Donation*
- *Exchange, expropriation, grant or cession*
- *Forfeiture*
- *Scrapping, loss or destruction*
- *Vesting of interest in trust asset in a beneficiary (discretionary)*
- *Distribution of asset to shareholder*
- *Granting of an option*

Exclude:

- *Transfer of asset as security for debt*
- *Issue or cancellation of company shares*
- *Option granted by company to acquire shares or debentures*
- *Distribution of asset to beneficiary who has a vested interest*

Deemed disposals:

- *Person ceases to be a resident – of all assets except immovable property in South Africa or shares in property owning companies and assets of permanent establishment in South Africa*
- *Assets not held as trading stock becoming trading stock*
- *Assets not held as personal use assets becoming personal use assets*

- *Death, except for assets accruing to the surviving spouse*
- *Person becomes resident – deemed to have disposed and reacquired virtually all assets at market value on date of immigration*
- *Reduction or discharge of debt without payment in full results in gain in the amount by which debt is reduced*

Proceeds

Amount received or accrued in consequence of disposal of asset

Specifically included:

- *Amount by which debt reduced or discharged*
- *Amount received by lessee from lessor for improvements to property*
- *Proceeds from disposal by way of value shifting arrangements between connected persons taking into account value before and after disposal*
- *Market value of assets donated – donations tax to be added to base cost*
- *Proceeds from sale of partnership asset accrues to each partner proportionately at the date of sale of the asset*

Base cost of asset

Assets acquired after 1 October 2001

Includes:

- *Actual cost or expenditure incurred in creation*
- *Costs of valuing for CGT*
- *Other direct costs of acquisition or disposal of asset eg fees to surveyors, brokers, transfer costs, stamp duty, moving and installation costs*
- *Costs of establishing or defending title to asset*
- *Costs of improvements or enhancements provided present at date of disposal*
- *Cost of ownership of an asset used exclusively for business purposes or which is a listed share or unit trust investment, including repairs, insurance, rates, interest and finance charges, provided that these costs are not deductible for normal tax purposes*

  If the asset consists of shares or unit trusts, one-third of the costs may be added to base cost

Must be reduced by:

- *Any amount deductible for normal tax purposes, building or annual wear and tear allowances*
- *Any amount recoverable from another person*
- *Any amount which has not been paid and is not due and payable*

Value of identical assets to be determined on one of following bases:

- *Specific identification*
- *First in first out (FIFO)*
- *Weighted average method may be used only for financial instruments listed on a recognised exchange, interest in unlisted unit and property unit trust schemes and coins made from gold or platinum*

Assets acquired before 1 October 2001

Value may be determined at option of taxpayer at:

- *Market value on 1 October 2001, or*
- *Time-apportioned base cost*
- *20% of disposal proceeds (after deducting an amount equal to allowable expenditure incurred after 1 October 2001)*

On disposal market value is limited to greater of:

- *expenditure incurred before 1 October 2001, or*
- *the proceeds less the expenditure incurred after 1 October 2001*

Base cost of amnesty assets

Base cost cannot exceed the sum of the value in foreign currency of that asset at 28 February 2003 and expenditure incurred thereafter

Market value on 1 October 2001

Market value must be established by 30 September 2004

Proof of valuation of unsold assets must be submitted with first tax return after 30 September 2004 where:

- *market value of asset is greater than R10 million*
- *the asset comprises unlisted shares and value of shares held is more than R10 million*
- *the asset is an intangible asset valued at more than R1 million*

otherwise on disposal of the assets

Market value is determined as follows:

- *listed securities, including unit trusts, listed on South African exchange using values published in Government Gazette dated 25 January 2002*
- *listed securities listed on other exchanges at ruling price on 1 October 2001*
- *long term insurance policies at the greater of surrender value or fair market value according to the insurer*
- *fiduciary, usufructuary or similar interest according to rules for estate duty*
- *all other assets at the price obtained on sale of asset by willing seller to willing buyer at arm's length – no method of valuation is prescribed*

Time-apportionment base cost

According to formula:

$$B + \frac{[(P - B) \times N]}{T + N}$$

Where:

B = *expenditure before 1 October 2001*

P = *proceeds on disposal or amount per following formula*

N = *number of years from date asset was owned before 1 October 2001 (limited to 20 years where expenditure incurred in more than one year of assessment)*

T = *number of years asset was owned after 1 October 2001*

Where expenditure was incurred in more than one year of assessment prior to 1 October 2001, proceeds (P) is:

$$P = \frac{T \times B}{(A + B)}$$

Where:

T = proceeds from disposal

A = expenditure incurred after 1 October 2001

B = expenditure incurred before 1 October 2001

Exclusions

Gains or losses excluded from CGT include:

- *primary residence of a natural person or special trust up to R1 million provided land not in excess of 2 hectares*
- *personal-use assets except*
  - *coins made from gold and platinum*
  - *immovable property*
  - *aircraft exceeding 450 kilograms*
  - *boat exceeding 10 metres in length*
  - *financial instrument*
  - *fiduciary, usufructuary or similar interest, the value of which reduces over time*
- *lump sum from pension, provident or retirement annuity funds both in and outside South Africa*
- *long-term assurance paid to original beneficiary, spouse, dependant or deceased estate*
- *disposal of small business (where assets do not exceed R5 million) up to R500 000 subject to specific conditions*
- *compensation for personal injury, illness or defamation*
- *gambling gains by natural persons – losses always excluded*
- *unit trust funds – gains or losses for fund itself*
- *donations and bequests to Public Benefit Organisations*

Roll overs

Gains may be deferred until subsequent CGT event:

- *transfer of assets between spouses (provided spouse is South African resident) – asset deemed as having*
  - *same acquisition date*
  - *same expenditure incurred on same date*
  - *used the asset in same way*
- *involuntary disposals – where asset is expropriated, lost or destroyed if*
  - *full proceeds reinvested in similar asset, and*
  - *contract for acquisition of replacement asset concluded within one year, and*
  - *replacement asset is brought into use within 3 years*
- *reinvestment in replacement asset where asset is subject to certain tax allowances, eg wear and tear – gain may be deferred over 5 equal annual instalments commencing year replacement asset is brought into use if*
  - *replacement asset brought into use within 3 years*
  - *all proceeds invested in replacement asset*

Company distributions

Base cost of shares may be reduced by a capital distribution that

- *does not constitute dividend, or*
- *is a dividend exempt from STC in anticipation of deregistration or liquidation*

and excess added to proceeds when shares disposed of

Capital gain is realised when:

- *liquidator states in writing that no further distribution will be made, or*
- *deregistration or dissolution commences*

Trusts

Gain on assets donated to trust not vested in beneficiary is taxed in hands of donor

Gain on distribution of asset to South African resident beneficiary is taxed in beneficiary's hands

Capital gain on disposal of asset, distributed to South African resident beneficiary in same tax year is taxed in beneficiary's hands

Capital gains distributed by non-resident trust to South African beneficiary is taxed in hands of beneficiary

Foreign tax rebate may be claimed where appropriate

Sellers of immovable property

Payments to non-residents on the disposal of property are subject to a withholding tax equal to

5%	*where seller is a natural person*
7,5%	*where seller is a company*
10%	*where seller is a trust*

DONATIONS TAX

Rate on donations after 1 October 2001 – 20%

Principal exemptions:

- *By natural persons up to R30 000 per tax year*
- *To spouse not separated*
- *To recognised institutions for the advancement of science, art or of charitable, educational or religious nature*
- *"death bed" donations*
- *casual gifts by other than natural person not exceeding R10 000*
- *by public companies*

ESTATE DUTY

Rate on estates of persons dying after 1 October 2001 – 20%

Dutiable amount reduced by R1,5 million

Net value of resident's estate includes world-wide assets and deemed assets:

- *life insurance policies payable on death of insured*
- *pension and other funds payable on death of insured*

Deductions include

- *Funeral, tombstone and deathbed expenses*
- *Costs of administering and liquidating estate*
- *Liabilities*
- *Claims by spouse under accrual system*
- *Bequests to surviving spouse*

PROVISIONAL TAX

Applies to:
Persons deriving non-remuneration taxable income exceeding R10 000
Directors of private companies and members of close corporations
Companies and close corporations
Trusts
Exemption:
Natural persons over 65 years, where taxable income is less than R80 000 not derived from carrying on business and who are not directors of private companies

Basic amount
Taxable income excluding capital gains reflected in most recent tax assessment received 60 days prior to date provisional tax is due
Until the first assessment is issued an estimate of taxable income to be used
Where the basic amount is more than 2 years old, SARS is estimating by adding 10% for each year to the last assessed income

First payment
Due six months before end of financial year
Based on lower of basic amount or estimate approved by SARS
Amount payable is one half of tax payable, after rebates and PAYE where applicable

Second payment
Due on last day of financial year
Based on lower of basic amount or estimate which may not be less than 90% of final assessed taxable income
Lower estimate of income will result in 20% penalty on additional tax due

Penalties and interest for late payment
10% of amount paid late or unpaid plus interest at the prescribed rate

Third payment
Where taxable income, including capital gains, exceeds
R20 000 in case of company or
R50 000 in case of individual or trust
third voluntary payment to be made to avoid interest charge
Due 6 months after financial year end, except where year end is February then due in September

Overpayment of provisional tax
Where taxpayer has overpaid tax and:
overpayment exceeds R10 000, or
taxable income exceeds R20 000 in case of company, or R50 000 in case of individual or trust
interest will be paid on the overpayment at prescribed rate

PRESCRIBED INTEREST RATES

Period			*Payable to taxpayer (taxable)*	*Payable by taxpayer (non-deductible)*
1/10/2002	*to*	*31/3/2003*	*11,5%*	*15,5%*
1/4/2003	*to*	*30/6/2003*	*12,5%*	*16,5%*
1/7/2003	*to*	*31/8/2003*	*11,0%*	*15,0%*
1/9/2003	*to*	*30/9/2003*	*10,0%*	*14,0%*
1/10/2003	*to*	*30/11/2003*	*9,0%*	*13,0%*
1/12/2003	*to*	*31/10/2004*	*7,5%*	*11,5%*
1/11/2004	*to current*		*6,5%*	*10,5%*

VALUE ADDED TAX

Rates

– 14% standard rate

– 0% zero rate

Registration

Enterprise with turnover or expected turnover exceeding R300 000 required to register

Voluntary registration if turnover or expected turnover of R20 000 (R60 000 in the case of commercial rental establishments)

VAT returns to be submitted:

Turnover less than R1 000 000 – every 4 months

R1 000 000 – R30 000 000 – every 2 months

In excess of R30 000 000 – every month

Exempt supplies

Include:

- *financial services (unless zero-rated)*
- *residential accommodation in a dwelling*
- *road and rail transport for passengers*
- *educational services*

Zero-rated supplies

Include:

- *Exported goods and services*
- *Sale of a going-concern if both seller and purchaser are registered for VAT*
- *Certain goods for farming purposes*
- *Basic foodstuffs*
- *Petrol and diesel*
- *Gold coins issued by Reserve Bank*
- *Transport of passengers and goods to and from export country, including insurance*
- *Welfare activities, including provision of food, lodging, etc*

Input tax

May be claimed:

- *Proportion incurred for the purposes of making vatable supplies - where vatable supplies greater than 95% full input is claimable*
- *Vendor has valid tax invoice from supplier*
- *Sufficient records for second-hand goods*

Prohibited:

- *On entertainment expenses, including food, beverages, amusement or recreation*
- *On motor cars purchased, rented or hired unless by a motor dealer for trade*
- *Subscriptions for club memberships*

Special value rules

- *Where person deregisters as vendor, deemed supply is on date of deregistration and value is lesser of cost or market value*
- *Where use of goods changes from taxable to exempt or private, deemed supply is at market value*
- *Motor vehicle fringe benefits at cash cost of vehicles excluding VAT x 0,3% x 14 / 114*

Time of supply

- *Date of invoice*
- *Date of payment of any part of price*

Tax invoices

Issue of tax invoices is now compulsory where consideration exceeds R1 000

Must reflect:

- *Words "Tax Invoice"*
- *Name, address and registration number of supplier*
- *Individual serialised number and date of issue*
- *Full description of goods or services and quantity*
- *Value of supply plus tax and consideration or consideration with a statement that it includes VAT at specified rate*
- *from 1 April 2005 name and VAT number of customer*

Penalties and interest

Late submission will result in:

- *Penalty of 10% of VAT payable*
- *Interest at the prescribed rate for the month or part thereof*

SKILLS DEVELOPMENT LEVY

Compulsory levy scheme to fund education and applies to

- *All employers with a payroll in excess of R500 000*

Amount payable is 1% of total remuneration used in computing employees tax

Employers must be registered with the Sector Education and Training Authority (SETA) representative of their core activities

Employers implementing a training program may be eligible for a grant

RESEARCH AND DEVELOPMENT

Effective from years of assessment commencing on or after 1 January 2004

May write off cost incurred during year of assessment on

- *research and development expenditure incurred directly by taxpayer or payment to person to devise, create or develop an invention, patent, design or other intangible asset, other than trademark on his behalf*
- *cost of registration, extending or renewing copyright, patent, design or invention*

Costs of capital nature on plant, machinery or other article may be deducted 40% in the first year and 20% thereafter.

RETENTION OF RECORDS

	Originals	***Originals if microfilmed***
Statutory records		
Memorandum and Articles of Association	*Permanent*	*3 years*
Certificate to Commence Business	*Permanent*	*3 years*
Certificate of Incorporation and Change of Name	*Permanent*	*3 years*
Share Register	*15 years*	*3 years*
Minute Books and Special Resolutions	*Permanent*	*3 years*
Founding Statement (CK1)	*Permanent*	*3 years*
Amended Founding Statement (CK2)	*Permanent*	*3 years*
Annual Financial Statements	*15 years*	*5 years*
Accounting records		
Private Ledger(*)	*15 years*	*5 years*
Fixed Asset Register	*15 years*	*5 years*
Cash Books, Journals, Debtors and Creditors Ledgers (*)	*15 years*	*5 years*
Other Minor Books (*)	*5 years*	*–*
Stock Sheets (*)	*5 years*	*–*
Invoices, Bank Statements, Vouchers, Correspondence, etc (*)	*5 years*	*–*
Tax Assessments and Returns	*5 years*	*–*
Employee records		
Salary and Wage Records	*5 years*	*–*
Capital gains Tax		
After date of sale	*5 years*	*–*
Records relating to base costs		
Valuations		

- *Retention from date of last entry in record*
- *Microfilm copies to be retained permanently*
- *(*) retained for five years from date income tax return received by SARS*

STAMP AND TRANSFER DUTIES

Immovable property	***Rate***
Transfer duty (if purchased by natural persons after 1 March 2005)	
On first R190 000	*0%*
On R190 000 – R330 000	*5%*
Thereafter	*8%*
Transfer duty (if purchased by non-natural person)	
On purchase consideration	*10%*
Transfer duty (if subject to VAT)	*Nil*

Residential property company

Defined as company holding any dwelling-house, holiday home, land zoned for residential use other than apartment complexes, hotels consisting of 5 or more rental units or fixed property of a VAT registered enterprise where fair value of property is more than 50% of total fair value of all other assets (other than financial instruments)

Transfer duty is based on "fair value" of the residential property without taking into account liabilities relative to the property

The rates are as for immovable property above

Transfer duty on shares falls away

Lease of immovable property

For every R100 or part thereof of aggregate rent and other consideration	
Period 0 to 5 years	*25 cents*
Period 5 to 10 years	*40 cents*
Period 10 to 20 years	*55 cents*
Period exceeds 20 years	*70 cents*

Shares and listed debentures

Original issue	
For every R20 or part thereof of the nominal value and any premium payable thereon	*5 cents*
Increase in authorised share capital	
For every R1 000 or part thereof of the nominal value	*R5*
Registration of transfer (other than through stockbrokers)	
For every R10 or part thereof of the consideration	*2,5 cents*

Instalment sale agreements and financial leases

The rate structure was amended with effect from 1 June 1996 to effect a maximum rate of R100 where the amount payable exceeds R200 000

EXCHANGE CONTROL

Regulations in force on 23 February 2005

General

1.	*Travel allowances – holiday and/or business*	
	Maximum – for adults	*R160 000 pa*
	– for children (under 12)	*R50 000 pa*
2.	*Maintenance allowances to father, mother, brother or sister – per receiving family unit*	*R9 000 pm*
3.	*Study allowance to RSA students studying abroad –*	
	a) Unmarried – basic allowance	*R160 000 pa*
	– travel allowance	*R50 000 pa*
	b) Married and accompanied by spouse	
	– basic allowance	*R320 000 pa*
	– travel allowance	*R100 000 pa*
	c) Temporary export of personal and household effects – per student	*R30 000*
4.	*Gifts - per taxpayer*	*R30 000 pa*
5.	*Export limit for RSA banknotes (per person)*	*R5 000*
6.	*Release of blocked funds to emigrants for local visits to RSA*	
	Adults	*R3 000 per day*
	Children (under 12)	*R1 500 per day*
	Maximum – per family	*R75 000 pa*
7.	*Gifts, donations and maintenance payments from emigrants' blocked Rands to third parties resident in RSA*	*R100 000 pa*
8.	*Foreign allowance – per RSA resident over 18 – subject to tax clearance*	*R750 000*
9.	*Internet purchases up to R20 000 per transaction where payment by debit or credit card*	

Emigrants

Foreign allowance	
Per family unit	*R1 500 000*
Per single person	*R 750 000*
Travel allowance	
Per adult	*R160 000*
Per child (under 12)	*R50 000*
Aggregate value of household and personal effects, motor vehicles, stamps and coins	*R1 000 000*

Allowances will be reduced by foreign allowance (8 above)

Blocked assets

New emigrants wishing to remit more than the foreign allowance and existing emigrants wishing to remit blocked funds must apply to exchange control department of the Reserve Bank.

Approval will be subject to an exiting schedule, an exit charge of 10% and South African tax clearance

Assets in excess of foreign allowance are "blocked" and must be surrendered to an authorised dealer. Blocked assets may be used for

- *Emigration expenses, eg moving and packing*
- *Investment in listed South African shares, gilts, futures and unit trusts*
- *Living expenses on return to South Africa as per note 6*
- *Travel cost for return visit to South Africa by most direct route*
- *Travel cost paid in South Africa to emigrant's new country of residence*
- *Income tax on income earned prior to emigration*
- *Tuition and boarding fees paid for children who have remained in South Africa or returned to complete studies*
- *Rates and taxes on vacant stands*
- *Membership and subscriptions fees to professional and technical societies*
- *Premiums on endowment, life assurance and retirement annuity funds taken out prior to departure:*
  - *capital proceeds will remain blocked*
  - *annuities will be remittable with Exchange Control approval*
- *Maintenance payments to a local resident in terms of a court order*
- *Professional fees for services rendered in connection with blocked assets*
- *Medical expenses incurred on return visit*
- *Gifts, donations and maintenance to third parties to maximum of R100 000 pa*
- *Maintenance and alterations to fixed property to maximum of R100 000 pa*

South Africans temporarily abroad

1. *Subsistence allowance equal to travel allowance (not both)*
2. *Household, personal items and motor vehicle up to R1 000 000*
3. *Export of farming equipment to Sub-Saharan Africa up to R1 000 000*

Remittable income

Income earned is freely remittable abroad after deducting South African income tax

Income defined as:

- *Dividends and distributions by close corporations out of profits earned after date of emigration*
- *Interest*
- *Monthly pension payments by registered fund*
- *Cash bonuses on insurance policies*
- *Retirement annuity payments after approval*
- *Income from trust created in terms of last will and testament*
- *Income from trust other than a will trust subject to approval*
- *Net rental on fixed property subject to approval*
- *Royalty payments subject to approval*
- *Directors fees and close corporation members' fees*
- *Difference between purchase consideration and maturity value of quoted gilts*

Inheritances

- *Cash bequest to non-resident beneficiary of a deceased estate of a South African resident are freely remittable*
- *Securities inherited by non-resident to be endorsed "Non-resident". Proceeds on disposal are remittable*
- *South African assets of deceased non-residents are freely remittable*
- *Jewellery may be exported without restriction*

Immigrants

On arrival, immigrants are required to declare to registered dealer:

- *Whether they possess foreign assets*
- *Give undertaking that their foreign assets will not be placed at disposal of third party South African resident*

May freely deal with their foreign assets and income
Assets introduced into South Africa may be retransferred together with normal growth during first 5 years

After 5 years the immigrant will be classified as South African resident and qualifies for foreign investment and emigration allowances

Restrictions on local borrowings

Local borrowings of "affected persons" limited to 300% of total shareholders' investment

"Affected persons" include:

- *Companies, close corporations, foundations, trusts, partnerships with*
- *75% foreign control or beneficial interest*

Local borrowings include the aggregate of:

- *Overdrafts*
- *Mortgage Bonds*
- *Local Acceptance Credits*
- *Guarantees*
- *Instalment sales or leases*
- *Discounting*
- *Factoring*
- *Suretyships*
- *Buy backs*
- *Lease backs*

Foreign investment in South Africa

Non-residents may:

- *Invest in South African listed or unlisted shares. Proceeds on sale are fully remittable*
- *Introduce loan capital with Exchange Control approval*
  - *Loan may be repatriated in original foreign currency or Rand*
  - *Interest may be remitted at the appropriate rates applicable to repatriation currency*
- *Have interest paid on portion of loan in excess of loan : capital ratio of 3 : 1 disallowed by SARS*
- *Have after-tax profits and dividends remitted*
  - *but subject to local borrowings limits being met*
  - *in the form of loans subject to Exchange Control approval*

USURY ACT

Maximum lending rates of interest effective from 17 September 2004

On leases, credit transactions, loans and money lending:

Up to	*R10 000*	*20%*
Over	*R10 000*	*17%*
Over	*R500 000*	*No limit*

The R500 000 limit is reduced to R10 000 where the lender is exempt through registration with a regulatory institution

SMALL BUSINESS ENTITIES

Defined as entities with

- *turnover less than R6 million*
- *shareholders are natural persons throughout the year*
- *no shareholder held more than an insignificant interest in any other private company or close corporation*
- *no more than 20% of gross income is investment income*

Incentives

- *favourable tax rates*
- *full write off of plant and machinery used in process of manufacture or similar process in the year brought into use*
- *other fixed assets on a 50/30/20 basis*
- *costs incurred before commencement of trade are deductible from the first year that trading commences*

PUBLIC BENEFIT ORGANISATIONS

Provisions regulating the tax-exempt status of public benefit organisations, the definition of public benefit organisations, as well as the tax deductibility of donations to such organisations came into effect on 15 July 2001

These bodies as well as new entities wishing to conduct public benefit activities have to be approved as PBOs after complying with the qualifying provisions, the most important of which:

- *the main object of the entity must be to carry on*
  - *substantially in the Republic*
  - *in a non-profit manner*
  - *one or more public benefit activities in the following 10 catagories:*
    - *welfare and humanitarian*
    - *health care*
    - *land and housing*
    - *education and development*
    - *religion, belief or philosophy*
    - *cultural*
    - *conservation, environment and animal welfare*
    - *research and consumer rights*
    - *sport*
    - *providing funds, assets or other resources*
  - *meeting all the qualifying conditions in each catagory*

Donations to public benefit organisations exempt

Companies

- *Limited to 5% of taxable income*

Individuals

- *Limited to 5% of taxable income before the deduction of medical expenses*

CHECKLIST FOR NEW BUSINESSES

1. *Lodge with Registrar:*
   Company – Memorandum, Articles of Association and Certificate to Commence Business
   Close corporation – Founding Statement
2. *Open a bank account using above documents*
3. *Register for income tax*
4. *Register for VAT – where sales expected to exceed R300 000*
5. *Register with local Regional Service Council or Joint Services Board*
6. *Employers to register for PAYE, Skills Development Levies, Unemployment Insurance Fund and Workmen's Compensation*
7. *Register with relevant Industrial Council*
8. *Lodge copy of manual prepared in terms of Promotion of Access to Information Act with the SAHRC*

FINANCING

Payment required on every R1 000 borrowed
eg Bond of R100 000 at 14% over 20 years =
R100 x 12,44 = R1 244,00 per month

Mortgage bonds

Rates	***20 Years***	***25 Years***	***30 Years***
10%	*9,65*	*9,09*	*8,78*
11%	*10,32*	*9,80*	*9,52*
12%	*11,01*	*10,53*	*10,29*
13%	*11,72*	*11,28*	*11,06*
14%	*12,44*	*12,04*	*11,85*
15%	*13,17*	*12,81*	*12,64*
16%	*13,91*	*13,59*	*13,45*
17%	*14,67*	*14,38*	*14,26*

Short term finance
Instalment sales and leases

Rates	***36 Months***	***48 Months***	***60 Months***
12%	*33,21*	*26,33*	*22,24*
13%	*33,69*	*26,83*	*22,75*
14%	*34,18*	*27,33*	*23,27*
15%	*34,67*	*27,83*	*23,79*
16%	*35,16*	*28,34*	*24,32*
17%	*35,65*	*28,86*	*24,85*
18%	*36,15*	*29,37*	*25,39*
19%	*36,66*	*29,90*	*25,94*

PRIME BANK OVERDRAFT RATES

Date of change		Rate %
1998	29 August	25,50
	19 October	24,50
	9 November	23,50
	7 December	23,00
1999	11 January	22,00
	13 February	21,00
	8 March	20,00
	19 April	19,00
	25 June	18,00
	16 July	17,50
	2 August	16,50
	4 October	15,50
2000	19 January	14,50
2001	18 June	13,75
	16 July	13,50
	25 September	13,00
2002	16 January	14,00
	18 March	15,00
	14 June	16,00
	14 September	17,00
2003	13 June	15,50
	18 August	14,50
	15 September	13,50
	20 October	12,00
	15 December	11,50
2004	16 August	11,00

The above dates are applicable to Nedbank
Banks do not always adjust their rates on the same day

NOTES

Produced by Horwath Johannesburg

Tuffias
SANDBERG

Greenstone Hill Office Park,
Building No 8,
Emerald Boulevard,
Greenstone Hill Ext 22,
Edenvale 1609

Postnet Suite 223
Private Bag X10010,
Edenvale, 1610

Tel: +27 11 524 9700

info@tsza.co.za
www.tuffiassandberg.co.za

Morison KSi
Independent member