



Let us help you
prepare for the
2023
tax season



Useful information to get you going for the 2023 tax season

The tax filing season for 2023 opens 1 July 2023.

During this period, the South African Revenue Service (SARS) requires you to submit your income tax return. In order to assist you in completing your tax return, we have compiled answers to a list of frequently asked questions.

Who is required to submit an income tax return to SARS?

- All individuals whose income from one employer is greater than R500 000 for the tax year
- Any natural resident who had capital gains or capital losses exceeding R40 000
- All individuals whose interest earned in SA exceeds the annual exemption limits
- All individuals whose income is less than R500 000 for the tax year if:
 - their source of income is from more than one employer
 - they receive a car allowance
 - they have other sources of income
 - they have deductions they want to claim (e.g. medical expenses, retirement annuity contributions)
- Any natural person who conducted a trade* in South Africa
- Any natural resident that held any funds in foreign currency or assets outside of South Africa that have a combined total value of more than R250 000 at any stage during a tax year
- Any natural resident that held any rights in a controlled foreign company

PLEASE BE ADVISED

*The term “trade” when used for finding out whether to submit a return means every profession, trade, business, calling, occupation or venture, including the letting of any property but excluding any employment.

Note: This list is not exhaustive and SARS should be contacted should you need clarity.

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Who needs to register for income tax?

Everyone receiving taxable income **above the tax thresholds** is required to register for income tax.

Income tax thresholds and rebates for individuals

	Age 64 and below	Age 65 to 74	Age 75 and over
Minimum annual income	R91 250	R141 250	R157 900
	Primary rebate	Secondary rebate	Tertiary rebate
Rebates for individuals	R16 425	R9 000	R2 997

Note: The threshold is applicable for the tax year.

What is an income tax return?

This is a declaration of all your income, capital gains and losses, and expenses that you are required to report and declare in terms of the Income Tax Act No. 58 of 1962 and the Tax Administration Act No. 28 of 2011.

What is the meaning of year of assessment?

A year of assessment for taxpayers covers a period of 12 months. For individuals and trusts, the start date of the year of assessment is 1 March and ends on the 28/29 February of the following year. For companies and close corporations, the year of assessment is the applicable financial year.

How do I register for income tax?

When you register for SARS eFiling for the first time and you do not have a tax reference number, SARS will automatically register you and issue a tax reference number. Note that you must have a valid South African ID. Alternatively, you can make an eBooking appointment with SARS. Note that you must have an appointment first before going to a SARS branch. The **ONLY** way to make an appointment if you are **NOT** registered yet, is to call the SARS Contact Centre on 0800 00 7277 and select option 0 (zero). A SARS official will book the appointment on your behalf.

How do I submit an income tax return?

There are 3 ways you can submit your return

- 1 Online via SARS eFiling at www.sarsefiling.co.za
- 2 Via the SARS eFiling App on your mobile device
- 3 Manually by going into a SARS branch and requesting assistance from a SARS consultant

The easiest and most efficient way is to submit your return directly via SARS eFiling or the SARS eFiling App.

For more information on eFiling, please visit www.sarsefiling.co.za



What are the consequences of not submitting my income tax return by the SARS deadline?

SARS will levy a non-compliance penalty for each month that your return is outstanding.

Penalties can range from R250 to R16 000 per month.

SARS may appoint your bank or employer as an agent to deduct the outstanding penalties from your salary or bank account.

What supporting documents do I need?

- Your banking details
- Your IRP5/IT3(a) certificate(s) PLUS any investment income certificate(s) [IT3(b)/IT3(c)/IT3(s)]
- Details of medical expenses paid by you and not covered by your medical scheme
- Completed confirmation of diagnosis of disability form
- Information relating to retirement annuity contributions
- Details of business travel (if you received a travel allowance or want to claim against a fringe benefit for an employer-provided vehicle)
- Any documentation relating to any other income received or accrued
- Any applicable financial statements, e.g. business income
- Any other relevant material relating to income you received or deductions you want to claim



Income tax rates for the 2022/2023 tax year

Taxable income	Rate of tax
For individuals and special trusts	
R0 – R226 000	18% of taxable income
R226 001 – R353 100	R40 680 + 26% of taxable income above R226 000
R353 101 – R488 700	R73 726 + 31% of taxable income above R353 100
R488 701 – R641 400	R115 762 + 36% of taxable income above R488 700
R641 401 – R817 600	R170 734 + 39% of taxable income above R641 400
R817 601 – R1 731 600	R239 452 + 41% of taxable income above R817 600
R1 731 601 and above	R614 192 + 45% of taxable income above R1 731 600
For trusts other than special trusts	
-	45%
For small business corporations	
R0 – R91 250	0% of taxable income
R91 251 – R365 000	7% of taxable income above R91 250
R365 001 – R550 000	R19 163 + 21% of taxable income above R365 000
R550 001 and above	R58 013 + 28% of the amount above R550 000
For companies	
-	Years of assessment ending on or after 31 March 2023 - 27%
-	Years of assessment ending up until 31 March 2022 - 28%

Transfer duty rates for the 2022/2023 tax year

Value of property	Transfer duty rate
R0 – R1 000 000	0%
R1 000 001 – R1 375 000	3% on value above R1 000 000
R1 375 001 – R1 925 000	R11 250 + 6% on value above R1 375 000
R1 925 001 – R2 475 000	R44 250 + 8% on the value above R1 925 000
R2 475 001 – R11 000 000	R88 250 + 11% on the value above R2 475 000
R11 000 001 and above	R1 026 000 + 13% on the value above R11 000 000

Taxation of capital gains

Capital gains, on the disposal of assets that were held with a capital intention, are included in taxable income. Events that usually trigger a disposal include a donation, exchange, loss, death or emigration.

Some specific exclusions are:

- R2 million gain/loss on the disposal of a primary residence
- Most personal use assets
- Lump sum from retirement benefits
- Payments in respect of original long-term insurance policies
- Annual exclusion of R40 000 capital gain or capital loss is granted to individuals and special trusts
- Small business exclusion of capital gains for individuals (at least 55 years of age) of R1.8 million when a small business with a market value not exceeding R10 million is disposed of
- The exclusion granted to individuals is R300 000 for the year of death, instead of the annual exclusion

Tax rates applicable on capital gains

	Inclusion rate	Statutory rates	Effective rate of tax
Individual and special trust	40%	0% - 45%	0% - 18%
Companies	80%	28%	22.4%
Other trusts	80%	45%	36%

How does section 24J of the Income Tax Act No. 58 of 1962 impact me?

Section 24J requires us to report the credit interest you accrued on your account during the tax period. It has the effect of spreading the interest over the period of the investment (i.e. if you invested for five years, the accrued interest is reported over the multiple tax years you are invested as opposed to only being reported in the year of maturity when you receive the interest). The amount of interest calculated in terms of section 24J is deemed to have accrued during the tax year, regardless of the actual amount of interest received.

What are the interest exemptions available to individuals?

Age 64 and below

R23 800

Age 65 and above

R34 500

Will section 24J of the Income Tax Act No. 58 of 1962 impact me?

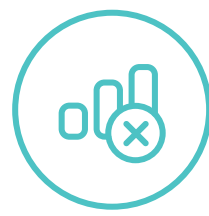
- If you receive interest income and you are not a company, then section 24J will apply if you have a fixed-term investment which is greater than 12 months, where interest is paid at maturity
- If you receive interest income and you are a company, then section 24J will apply for all your notice and fixed-term investments regardless of the term



What do I need to know about tax-free investments?



The annual contribution is **limited to R36 000 per person** (per tax year)



If the annual or lifetime contribution is exceeded, a **penalty of 40%** will be charged on the excess amount at the time of assessment



All returns are tax free, which includes interest, dividends and gains



Any person can transfer their tax-free investment from one product provider to another¹



The lifetime contribution is **limited to R500 000** per person

Types of documents available

- Your **IT3(b) certificate** reports all interest, foreign dividends, real estate investment trusts dividends and/or profit share paid or accrued to yourself, where applicable, over the course of the tax year
- Your **IT3(c) certificate** reports gains and losses for local and offshore investments
- Your **IT3(s) certificate** reports all contributions, withdrawals, interest, dividends, transfers in/out and/or gains and losses on your tax-free investment(s) for the tax year
- Your **dividend statement** reports the gross and net amount you received in dividends for the tax year as well as the applicable dividend tax amount that was withheld and paid over to SARS
- Your **account schedule/statement** discloses all transactions that have taken place on your account during the tax year

¹Effective 1 March 2018.

Annual and lifetime limits apply to all tax-free investments you own across all service providers.

How do I obtain a copy of my tax certificate?



Log in to **fnb.co.za**



Click on the **'My Bank Accounts'** Tab



Click on **'Tax Certificates'** under the Statements heading



From here you can **download or email** a copy of your **IT3 certificate** to yourself



For more information

For assistance with your tax submission,
please contact SARS directly



Call **0800 007 277**



Visit **www.sars.gov.za**

If you require assistance with your FNB tax certificate,
please contact us via

Secure Chat[®] on the FNB App

info@fnb.co.za

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