

BUDGET 2017/18



Tax table

The proposed new tax table provides minimal relief against inflation and introduces a new tax bracket at 45% for taxpayers earning above R1 500 000.

Individuals and special trusts	
Taxable income (R)	Rate of tax
0 - R189 880	18% of taxable income
R189 881 - R296 540	R34 178 + 26% of taxable income above R189 880
R296 541 - R410 460	R61 910 + 31% of taxable income above R296 540
R410 461 - R555 600	R97 225 + 36% of taxable income above R410 460
R555 601 - R708 310	R149 475 + 39% of taxable income above R555 600
R708 311 - R1 500 000	R209 032 + 41% of taxable income above R708 310
R1 500 001 and above	R533 625 + 45% of taxable income above R1 500 000

All rebates are increased slightly. The primary rebate is R13 635, the secondary rebate for taxpayers older than 65 is R7 479 and the tertiary rebate for taxpayers older than 75 is an additional R2 493. This means that the tax threshold has increased to R75 750 for people younger than 65, R117 300 for those older than 65 and R131 150 for taxpayers older than 75.

Dividend tax and interest exemption

Dividend tax increases to 20%. The interest exemption remains R23 800 for taxpayers younger than 65, and R34 500 for taxpayers aged 65 and older.

Capital gains tax (CGT)

Capital gains inclusion rates remain at 40% for natural persons and 80% for companies and trusts. This means the maximum CGT rates are:

Natural persons and special trusts:	18%
Companies:	22.4%
Other trusts:	36%

The annual exclusion remains R40 000 and the exclusion at death R300 000.

Exemption of foreign remuneration

If a South African resident works in a foreign country for more than 183 days a year, their foreign remuneration is exempt from tax. This exemption will be changed so that the remuneration is only exempt if taxed in the foreign country.

Company taxes

Small changes were made to the tax brackets of small business corporations, while the tax rates of other companies remained the same.

Transfer duty

Transfer duty rates that apply to property acquired on or after 1 March 2017 by any person (including companies, close corporations or trusts) are as follows:

Transfer duty rates	
Value of property (R)	Rate of tax
0 - R900 000	0%
R900 001 - R1 250 000	3% on the value above R900 000 but not exceeding R1 250 000
R1 250 001 - R1 750 000	R10 500 plus 6% on the value above R1 250 000 but not exceeding R1 750 000
R1 750 001 - R2 250 000	R40 500 plus 8% on the value above R1 750 000 but not exceeding R2 250 000
R2 250 001 - R10 000 000	R80 500 plus 11% on the value above R2 250 000 but not exceeding 10 000 000
R10 000 001 and above	R933 000 plus 13% on the value exceeding R10 000 000

“New income tax bracket at 45% for taxpayers earning above R1 500 000.”

Trusts

Trusts, other than special trusts, will be taxed at a flat rate of 45%.

Medical tax credits

The tax credit for the first two dependants increases to R303, and for additional dependants it increases to R204. When the National Health Insurance plan is rolled out, these tax credits will be cancelled.

Retirement fund changes

No changes were made to the lump sum rates upon withdrawal or retirement. In future, retirees will be allowed to transfer their funds to another retirement fund instead of purchasing a life annuity or living annuity.

Taxpayers will be able to deduct contributions to any retirement fund up to a maximum of 27.5% of the greater of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sums and severance benefits). The deduction is capped at R350 000.

Tax free savings accounts

The maximum annual contribution to tax free savings accounts is increased to R33 000 p.a.

Subsistence allowance

The daily subsistence allowance increases to R397 for meals and incidental costs, and R122 for incidental costs only.

Travelling allowance

The vehicle value brackets have been adjusted, with concurrent adjustments to the deductible fixed costs, fuel and maintenance costs.

Duties and levies

Excise duties and levies are increased as follows from 1 March 2017:

- Whisky: increases by R4.43 per bottle
- Beer: increases by 11.9c per can
- Wine: increases by 30c per litre
- Cigarettes: increases by 106c per packet of 20
- Fuel levy: increased by 30c per litre
- Road Accident Fund levy: increases by 9c per litre

The proposed sugar tax will be introduced later this year at 2.1c per gram of sugar in excess of 4 grams per 100ml once legislation has been promulgated.

Estate duty and donations

Estate duty as well as donations tax remain at 20%. The difference between the official interest rate and the interest rate charged on loans to trusts will be subject to donations tax.

“The maximum annual contribution to tax free savings accounts is increased to R33 000 p.a.”

Ronald N King

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