

June 2016

Dear Adviser

Special Tax Rates**Background**

Income payments from a living annuity are taxable at the marginal tax rate.

The amount of tax deducted is determined by the rates shown in the table below, and only applies for a specific tax year.

2016/2017 Tax Tables	
Taxable Income	Rate of Tax *
R 0 – R 188 000	18% of taxable income
R 188 001 – R 293 600	R 33 840 + 26% of taxable income above R 188 000
R 293 601 – R 406 400	R 61 296 + 31% of taxable income above R 293 600
R 406 401 – R 550 100	R 96 264 + 36% of taxable income above R 406 400
R 550 101 – R 701 300	R 147 996 + 39% of taxable income above R 550 100
R 701 301 and above	R 206 964 + 41% of taxable income above R 701 300

* Tax rates (tax year ending 28 February 2017) applicable to individuals

However, a client may provide us with a special tax rate which differs from the rate applicable in terms of the above table.

Your responsibility when a special tax rate is applicable

Following guidance from the South African Revenue Service (SARS), we need to bring to your attention that special tax rates are only granted for a particular tax year and are renewable thereafter. As a result, the client needs to advise us of the continuation of any special tax rate at the beginning of every new tax year.

Please note that a client can only request higher tax rate. A lower tax rate will only be applied when a SARS directive to this effect is received.

The following process must be followed by you in order to ensure that your client continues to benefit from a specific tax rate they may be entitled to:

Higher tax rates chosen by client

- You or your client send the client's requirements to us in writing.
- The special rate is cancelled at the end of the tax year.
- For each subsequent tax year, an email needs to be sent to us advising us that the special rate should remain in place.

Directive from SARS in respect of lower tax rate applications

The directive from SARS applies for that tax year only.

For each subsequent tax year, a new directive needs to be provided to us advising us of the lower tax rate.

If you have any queries, please contact your Investment Specialist or your dedicated Client Service Team.

Kind regards



Cindy Tshabalala
Head of Client Service