

Dear Adviser

Living annuity tax rates

This is a reminder that income payments from living annuities are taxable at the marginal tax rate. The tax deductible is determined by tax tables which are provided by SARS annually. The tax rates for the new tax year were confirmed on 21 February 2018 during the Budget Speech.

Rates of tax from 1 March 2018 to 28 February 2019

Taxable income (R)	Rates of tax (R)
0 – 195 850	18% of taxable income
195 851 – 305 850	35 253 + 26% of taxable income above 195 850
305 851 – 423 300	63 853 + 31% of taxable income above 305 850
423 301 – 555 600	100 263 + 36% of taxable income above 423 300
555 601 – 708 310	147 891 + 39% of taxable income above 555 600
708 311 – 1 500 000	207 448 + 41% of taxable income above 708 310
1 500 001 and above	532 041 + 45% of taxable income above 1 500 000

If your clients make use of special tax rates

It is important to note any special tax rate is renewable at the end of each tax year. Therefore, any existing special tax rate will cease to apply to your clients' living annuities after 28 February.

What you need to do

If your client would like to pay a higher tax rate for the new tax year, you need to send your request in writing to the client service team indicating the preferred higher tax rate. If your client requires less tax to be deducted, then we require a new tax directive to be issued by SARS indicating the approved rate.

All special tax rates need to be submitted for processing to the client service team before 15 March 2018.

Need more information?

If you have any queries, please contact your investment specialist or your dedicated client services team.

Kind regards



Cindy Tshabalala
Head of Client Service