Tax Tables 2015/2016

Income tax: Individuals and Trusts

Tax rates (year of assessment ending 29 February 2016)

Taxable Income	Rates of Tax	
0 - 181 900		18 % of each R1
181 901 - 284 100	32 742	+ 26% of the amount over 181 900
284 101 - 393 200	59 314	+ 31% of the amount over 284 100
393 201 - 550 100	93 135	+ 36% of the amount over 393 200
550 101 - 701 300	149 619	+ 39% of the amount over 550 100
701 301 +	208 587	+ 41% of the amount over 701 300

Rebates

Primary Rebate	R13 257
Secondary (Persons 65 and older)	R7 407
Tertiary (Persons 75 and older)	R2 466

Tax Thresholds

The tax thresholds at which liability for normal tax commences, are:	
Persons under 65	R73 650
Persons of 65 - 74 years	R114 800
Age 75 and older	R128 500

Medical Tax Credits (Mtc)

Main member	R270
First dependant	R270
Each additional dependant	R181

Subsistence Allowances and Advances

Where the recipient is obliged to spend at least one night away from his/her usual place of residence on business and the accommodation to which that allowance or advance is granted to pay for:

- meals and incidental costs, an amount of R353 per day is deemed to have been expended;
- incidental costs only, an amount of R109 for each day.

The rate for foreign travel will be gazetted soon and can be found on www.sars.gov.za under the Legal and Policy tab.

Table for Calculation of Rate per km/Travel Allowance

Value of the vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance cost
(R)	(R p.a)	(c/km)	(c/km)
0 - 80 000	26 105	78.7	29.3
80 001 - 160 000	46 505	87.9	36.7
160 001 - 240 000	66 976	95.5	40.4
240 001 - 320 000	84 945	102.7	44.1
320 001 - 400 000	102 974	109.9	51.8
400 001 - 480 000	121 886	126.1	60.8
480 001 - 560 000	140 797	130.4	75.6
exceeding 560 000	140 797	130.4	75.6

Prescribed Rate for Reimbursive Kilometres

The SARS prescribed rate per kilometer decreased from R3.30 to R3.18.

Personal Service Provider

A Personal Service Provider is taxed at a rate of:

- 28% for a Personal Service Provider company (remain unchanged) and
- 41% for a Personal Service Provider trust (previously 40%).

UIF

A one-year relief measure is proposed in respect of Unemployment Insurance Fund contributions. The proposal is that the contribution threshold should be reduced to R1 000 a month for the 2015/16 year. This means that employers and employees will each pay a maximum of R10 a month during the year ahead, putting R15 billion back into the pockets of workers and businesses.

Legislative amendments are required for this change and will be communicated as soon as it is available.

Quick Links

Budget speech 2015 / 2016
Latest TYE 2015/16 info
Tax Calculator

Annual Payroll Tax Seminar
TYE Training
TYE Group Consultations

Taxation Law Amendment Act 2014

February 2015

Use of Motor Vehicle Fringe Benefit

The determined value of a motor vehicle which is manufactured or acquired before March 2015 is:

- the cost of the vehicle to the employer, excluding finance charges and interest but including VAT borne by the employer and the value of any maintenance plan, if the vehicle was acquired under a sales agreement,
- the retail market value, including VAT borne by the employer and the value of any maintenance plan, at the time the employer first obtained the use of the vehicle if the vehicle was acquired under a lease (other than an "operating lease"), or
- in any other case, the market value of the vehicle, including VAT borne by the employer and the value of any maintenance plan, at the time the employer first obtained the right to use the vehicle.

From March 2015, the determined value of the vehicle will be the retail market value of the vehicle (as determined by the Minister in a regulation) including VAT borne by the employer and the value of any maintenance plan, but excluding finance charges and interest. This paragraph is only applicable to vehicles manufactured or acquired from March 2015.

Please note that there are no changes with regards to "operating leases".

Residential Accommodation

Up until 28 February 2015 the value of the taxable benefit in respect of residential accommodation is the greater of

- any rent payable by the employer and other expenditure in respect of the accommodation, or
- an amount determined according to the prescribed formula.

From March 2015, only the formula should be used to calculate the fringe benefit for residential accommodation.

However, please note that the lower of the formula value or expenditure method must be used as the fringe benefit value if,

- the employee acquires the residential accommodation from the employer and
- the employer obtained the accommodation from an unconnected party in terms of a transaction at arm's length and
- the ownership of the accommodation does not vest in the employer.

Please refer to the 2015/2016 Payroll Pocket Guide for scenarios in which the formula should still be used.

Income Replacement Policies

An income replacement policy is a policy that covers the employee against loss of income as a result of illness, injury, disability or unemployment.

Up until 28 February 2015 an employee contribution (including the company contribution as a deemed contribution) is tax deductible in the hands of the employee. As from March 2015, no deduction will be allowed (i.e. it will not be tax deductible anymore), but the pay-out of the policy will be exempt from tax.

Restraint of Trade Payments

Please take note of the clarification in the Income Tax Act with regards to restraint of trade payments. Restraint of trade payments (to a natural person) by virtue of employment or past/future employment is taxable as remuneration.

Tax Exemption

From March 2015 a lump sum, annuity or pension paid to a resident of South Africa is exempt from tax in South Africa if,

- it is from a source outside of South Africa and
- it is for past employment outside South Africa.

Retirement Reform - Effective March 2016

The implementation date of all the tax related retirement reforms are postponed.

The effective date of the reforms has thus been amended to March 2016. Government will consider a further delay of a year to 2017, to be discussed with the Standing Committee on Finance when considering the 2015 Taxation Laws Amendment Bill draft legislation.

Changes in the Employment Tax Incentive Act - ETI

Wage Qualifying Test

'Wage' refers to the cash amount paid for ordinary hours of work. This is typically the basic salary or basic wage of the employee and excludes elements such as overtime etc. The 'wage' of the employee is used to determine whether the employee is a qualifying employee for ETI purposes. The wage the employee earns should be at least the minimum wage (according to the wage regulating measure) or R2 000 pm (if there is no wage regulating measure). Up until 28 February 2015, if an employee is 'employed for part of a month', then a gross-up should be performed to determine what the employee's monthly wage is.

There were different interpretations of the meaning of 'employed for part of a month', therefore the calculation to determine a monthly wage and the way the wage qualifying test should be performed was changed in the legislation. From March 2015:

- if a wage regulating measure is applicable, then the monthly wage should be compared to the minimum monthly wage (it is understood that a rate per hour or rate per day comparison is allowed as this is effectively the same as grossing-up the wage).
- if no wage regulating measure is applicable the monthly wage is calculated in the following way:
    - if the employee is employed for less than 160 hours per month, then a gross-up of the wage should be performed to see how much the wage would have been for 160 hours.
    - if the employee is employed for 160 hours or more, no gross-up of the wage is required.

To simplify the calculation, from March 2015 the test will not be based on the wage rate per month, but by applying a rate per hour comparison:

- if there is no wage regulating measure, an employee will qualify if the wage rate per hour of the employee is equal to or more than R12.50 (R2 000/160 hours), or
- the minimum wage rate per hour will apply if there is a wage regulating measure.

National Treasury explained the change in the Draft Explanatory Memorandum as follows: "To simplify the calculation of the incentive, and link the incentive to an hourly wage, it is proposed that the grossing up mechanism be linked to a baseline of 160 hours of work per month, rather than through the use of a discretionary 'full time' calculation. In effect, the incentive can be claimed for qualifying employees who earn between R12.50 an hour (if there is no minimum wage) and R37.50 an hour."

Monthly Remuneration

Monthly remuneration (taxable earnings, taxable perks and taxable company contributions) is used to calculate the employment tax incentive amount. Up until 28 February 2015, when an employer employs a qualifying employee for part of a month a gross-up calculation is required to determine what the monthly remuneration will be.

There were different interpretations of 'part of a month', therefore the definition of monthly remuneration is changed as from March 2015:

- if an employee is employed for 160 hours or more in a month, then it is the actual amount of remuneration paid to the employee in a month (no gross-up).
- if an employee is employed for less than 160 hours in a month the monthly remuneration is calculated in the following way:
    - Remuneration earned / hours employed* x 160.

*Hours employed refers to:

- contractual normal hours (no overtime hours) in the case of a '**permanent**' employee for ETI purposes (employee with a standard amount of hours to work in a month),
- actual total hours worked in the case of a '**temporary**' employee for ETI purposes (employee without a standard amount of hours to work in a month or an employee who works an irregular amount of hours, such as temps or casual workers),
- actual normal hours worked (employed) for new and terminated employees.

Please note that the above definitions (**underlined text**) are not legal terms, but our own definitions for the purpose of interpreting these changes.

Qualifying Criteria

Qualifying employees must have a South African ID or an Asylum Seeker permit.

Backdating to 1 January 2014, refugees will also qualify if issued with an ID in terms of Section 30 of the Refugees Act (which contains the holder's identity number, surname, full names, gender, date, country of birth, country of citizenship, a recent photograph and fingerprints).

Roll-over Amount and Reimbursement

According to the legislation applicable for the 2015 year of assessment the reimbursement of ETI amounts are limited to a maximum of R6 000 for every qualifying employee that is employed at the end of the 6 month reconciliation cycle.

The R6 000 limitation per qualifying employee does not apply anymore. Employers will be able to claim the full value of the excess amount. If the employer is tax compliant, the ETI due to the employer will be reimbursed at some stage during the next 6 month cycle. If the employer is not tax compliant at the end of the 6 month cycle, the excess amount will be reimbursed when the employer becomes tax compliant. If the employer fails to be tax compliant within the next six months, the excess amount will be permanently lost. This is effective backdated from 1 January 2014.