

2014/2015 Budget Speech

Sage VIP Users

February 2014

TAX TABLES 2014/2015

Income tax: Individuals and special trusts

Tax rates (year of assessment ending 28 February 2015)

Taxable Income		Rates of Tax
0 - 174 550		18 % of taxable income
174 551 - 272 700	31 419	+ 25% of taxable income above 174 550
272 701 - 377 450	55 957	+ 30% of taxable income above 272 700
377 451 - 528 000	87 382	+ 35% of taxable income above 377 450
528 001 - 673 100	140 074	+ 38% of taxable income above 528 000
673 101 and above	195 212	+ 40% of taxable income above 673 100

TAX REBATES

Primary Rebate	R 12 726
Secondary (Persons 65 and older)	R 7 110
Tertiary (Persons 75 and older)	R 2 367

TAX THRESHOLDS

Persons under 65	R 70 700
Persons of 65 - 74 years	R 110 200
Age 75 and older	R 123 350

Trusts remain taxable at 40% and personal service providers at 28%.

MEDICAL TAX CREDITS (MTC)

Main member	R 257
First dependant	R 257
Each additional dependant	R 172

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 R335 per day is deemed to have been expended;
- incidental costs only, an amount of R103 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	25 946	92.3	27.6
80 001 - 160 000	46 203	103.1	34.6
160 001 - 240 000	66 530	112.0	38.1
240 001 - 320 000	84 351	120.5	41.6
320 001 - 400 000	102 233	128.9	48.8
400 001 - 480 000	120 997	147.9	57.3
480 001 - 560 000	139 760	152.9	71.3
exceeding 560 000	139 760	152.9	71.3

PRESCRIBED RATE FOR REIMBURSIVE KILOMETRES

The SARS prescribed rate per kilometer increased from R3.24 to R3.30.

CUMULATIVE EXEMPTION FOR RETIREMENT BENEFITS AND SEVERANCE BENEFITS

The exemption increased from R315 000 to R500 000.

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CHANGES IN THE TAXATION LAWS AMENDMENT ACT

BURSARIES AND SCHOLARSHIPS

A bona fide bursary, enabling a person to study at a recognised educational or research institution.

Open bursary: Exempt from tax.

Closed bursary: Exempt if granted to an employee and the employee agrees to repay the employer if the employee does not complete the studies. Also exempt if granted to a relative of an employee, unless the employee's remuneration for the previous year of assessment was above R250 000. If the remuneration for the previous year of assessment was R250 000 or less, the first R10 000 of the bursary is exempt for an NQF level 1-4 qualification, and the first R30 000 of the bursary is exempt for an NQF level 5-10 qualification.

**Where the employee was not employed by the employer for the whole of the preceding year, the remuneration he/she received from the employer for the portion of the year he/she was employed by the employer, must be calculated pro rata for the full 365 days.

**If the employee was not employed by the employer for any portion of the preceding year, the employee's remuneration for the first month he/she is employed by the employer, must be calculated pro rata for a full 365 days.

This is backdated to 1 March 2013, which means it is already effective.

LOW COST HOUSING (ACQUISITION OF AN ASSET FRINGE BENEFIT)

An asset which is given to an employee is normally taxed as a fringe benefit (subject to certain exclusions). When immovable property (for example a house) is given to an employee, then no fringe benefit should be calculated provided that:

- the remuneration of the employee for the year of assessment prior to which the employee acquires the immovable property was R250 000 or less AND
- the market value on the date of acquisition of the immovable property is R450 000 or less AND
- the employee should not be a connected person to the employer.

Effective from 1 March 2014.

MEDICAL AID

Medical Aid for employees who are 65 or older will be calculated exactly the same on the payroll as employees who are younger than 65:

- employees who are 65 or older will not be entitled to a deduction but will instead be entitled to a tax credit amount,
- the tax credits will be the same amounts as for employees under 65 years of age,
- the company contribution will be taxed as a fringe benefit, unless the employee is retired from such employer.

Effective 1 March 2014.

CHANGES EFFECTIVE MARCH 2015

RETIREMENT REFORM

From March 2015 an employer's contribution to a retirement fund on behalf of an employee will be treated as a taxable fringe benefit in the hands of the employee. Individuals will from that date be allowed to deduct up to 27.5% of the higher of taxable income or employment income (remuneration) for contributions to pension, provident and retirement annuity funds. The deduction will be limited to R350 000 pa.

INCOME REPLACEMENT POLICIES

Currently an employee contribution (including the fringe benefit as a deemed contribution) is tax deductible in the hands of the employee. As from 1 March 2015, no deduction will be allowed (i.e. it will not be tax deductible anymore).