

The Professional

Volume 10, Issue 3

1 October 2019

Special points of interest:

- SARS issues updated Taxation in South Africa guide
- Decrease in official interest rate from 1 November 2019
- Employer reconciliations due

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In terms of Article 10 of the Institute's Memorandum of Incorporation

**Notice of the Ninety Second (92nd) Annual General Meeting
Of
The Institute of Accounting and Commerce**

(Formerly the Institute of Administration and Commerce)

is served

18 October 2019

SASNEV, 4 Central Square, Pinelands, Cape Town, 7405.

15:00 - 17:00

**92nd
AGM**





*There is always
space for
improvement, no
matter how long
you've been in the
business.*

**Oscar de la
Hoya**



Employer reconciliations

The interim filing season for employer reconciliations is open between 23 September and 31 October 2019.

Employers are required to submit accurate Employer Reconciliation Declaration (EMP501), Employee Tax Certificates (IRP5/IT3(a)s), and where applicable, a Tax Certificate Cancellation Declaration (EMP601). The following must reconcile in order for the submission to be successful:

- Monthly Employer Declarations (EMP201s) submitted [Pay-As-You-Earn (PAYE) and/or Skills Development Levy (SDL), Unemployment Insurance Fund (UIF) amounts due and Employment Tax Incentive (ETI), if applicable]
- Payments made (excluding penalty and interest payments)
- IRP5/IT3(a)s generated - PAYE, SDL and UIF values.

Interim reconciliation

The interim reconciliation for employers covers the six-month transaction period from 1 March to 31 August. The final annual reconciliation is for the full tax year 1 March to 28/29 February, and must be submitted during April and May.

During the reconciliation periods, employers are required to submit an EMP501 return confirming or correcting the amounts declared for Pay-As-You-Earn (PAYE), the Skills Development Levy (SDL), the Unemployment Insurance Fund (UIF) and the Employment Tax Incentive (ETI), as well as the payments made and tax values of the Employee Tax Certificates [IRP5/IT3(a)].

Changes to note

For the 2019 Employer Interim Reconciliation, the follow-

ing changes will be implemented:

- Legislative changes (new source codes on the IRP5/IT3(a) to incorporate the legislative changes)
- Non-legislative changes include:
 - ◊ The Employment Tax Incentive (ETI) end date has been extended for ten years to 2029
 - ◊ Letters, notices and form changes
- Employment Taxes Calculation Validation for IRP5/IT3(a) certificates on final reconciliations The ability to request a statement of account for periods prior to 2008
- A new HTML5 form for eFiling.

Employment Taxes Calculation Validation for IRP5/IT3(a) certificates

The income tax filing threshold determines that individuals who qualify are not required to submit an Income Tax Return for Individuals (ITR12) although PAYE was deducted monthly by their employers.

Previously employers had to follow a laborious process to correct any errors that were made on the deduction of PAYE, SDL and UIF. To ease the burden on employers, SARS is introducing a process to validate the PAYE, SDL and UIF deductions captured on the IRP5/IT3(a) certificates submitted with the EMP501 return.

A set of criteria will be applied to include a limited number of certificates in the validation process. An algorithm will use the financial information captured on the certificate, recalculate the PAYE, SDL and UIF and compare it with the values captured on the certificate.

Any discrepancies will be communicated to the employer through a letter to the channel which was used for the submission. The detail of the certificates that failed the validation check will be communicated via a TXT file which can be downloaded from the submission channel. Employers must rectify any errors and re-submit the corrected certificates.

SARS will provide a dedicated email address for employers who wish to raise any issues or concerns, request assistance or need clarification.

New HTML5 form for eFiling

SARS is introducing a new HTML5 form for eFiling to replace the outdated ADOBE forms technology. The new HTML5 screens will have a new look and feel for increased usability, better flow and real-time messaging.

Benefits of completing and submitting an EMP501 return during the interim reconciliation period

The Interim Reconciliation prepares employers for the Annual Reconciliation by ensuring that their EMP201 submissions for the previous six months are correct and up-to-date. This further ensures that employees' IRP5/IT3(a)s are correct and can be issued correctly and on time. Employers qualifying for the Employment Tax Incentive (ETI) need to submit the EMP501 return to claim any monthly ETI amounts that might have over-run during the previous six months.

If the employer does not submit and claim for the previous six months, the employer will not receive the pay-out of the over-run amounts, and forfeit any ETI credit due to them.

If the employer waits to submit during the Annual Recon-

Employer reconciliations

ciliation period, the employer will only be able to claim over-run amounts for the second six month period, but not for the first six months.

Channels for submissions

Submissions can be made via one of the following channels:

- eFiling - If the employer has 50 or less IRP5/IT3(a) certificates, a tax certificate file can be generated from the payroll system and this file can be imported into eFiling. Any amendments to, or cancellation of, or capturing

of certificates can be done on eFiling as long as the total number of certificates does not exceed 50

- e@syFile - Generate a tax certificate file from the payroll system, and import this file into e@syFile Employer. Within e@syFile Employer, capture additional manual certificates, cancel certificates, capture EMP501 details, and submit to SARS via our eFiling online channel
- Electronic - Complete the relevant tax certificates

(max 50 certificates) and EMP501 return on the specified forms on eFiling, and submit electronically to SARS

- SARS Branch - Limited to five certificates only.

SARS contact details

For more information visit the SARS website on www.sars.gov.za or call the SARS Contact Centre on 0800 00 7277.



Employer reconciliations—how to reconcile

The following steps should be followed to perform the reconciliation:

STEP 1

Before completing the EMP501 (for interim and annual submission), determine the total income of each employee for that year and recalculate the tax based on that amount.

The IRP5/IT3(a) certificates should reflect the income, deductions and tax as calculated at this point.

STEP 2

If the recalculated liability according to the IRP5/IT3(a) certificates is different from the liability declared on the EMP201s submitted, determine in which month(s) these differences occurred.

STEP 3

The demographic information such as the Business Information and Contact Details sections will pre-populate on the form. If the pre-populated information is incorrect, the employer is advised to update the details.

STEP 4

On the form indicate if the reconciliation includes ETI or not. If 'Yes', the Employment Tax Incentive sections will be added to the form.

STEP 5

All the monthly liabilities will pre-populate on the EMP501 using information obtained from the EMP201's submissions made to SARS. These include all financials for PAYE, SDL and UIF.

Verify the amounts on the EMP501 with the payments made and the amounts on the EMP201.

STEP 6

The total monthly payments made in respect of PAYE, SDL and UIF (excluding payments made in respect of interest and additional tax) must be captured on the form. These reflect the actual payments made to SARS throughout the year.

STEP 7

When settling any shortfall reflected on the reconciliation, allocate the payment to the period(s) in which the shortfall occurred.

If the relevant period cannot be determined, allocate the payment to the last active period within the transaction year, which is August (interim) and February (annual).

Corrections

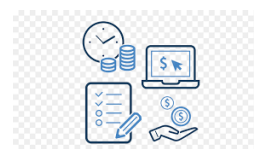
Do corrections to liability amounts or payment amounts on the EMP501. On the revised EMP501 all tax liabilities, taxes paid as well as with the total value of employee tax certificates issued for the period must balance.

An agreed estimate or a declaration submitted as part of Voluntary Disclosure Programme (VDP) cannot be changed by the employer.

The employer must keep the correct employee certificates, EMP201 and relevant documentation for audit purposes.

The improvement of understanding is for two ends: first our own increase of knowledge; secondly, to enable us to deliver that knowledge to others.

John Locke





Taxable benefit—tax advice for expatriate employees

In *BMW South Africa (Pty) Ltd v The Commissioner for the South African Revenue Service* (1156/18) [2019] ZASCA 107, the question was raised whether amounts paid to tax consultants constituted a taxable benefit to employees.

Background

As part of the BMW Group's international business policy employees are required to work for short or medium term periods in locations where the Group has a presence, other than in their home countries. Such employees retain their connection with their home countries and continue to submit tax returns there.

Additional costs are incurred by the expatriate employees as a result of the Group requiring them to work in foreign countries. The employment relationship between the expatriate employees and the Group operates on an agreed 'tax equalization' basis, which is standard in the Group. In simple terms, this means that the Group, wherever it has a presence, will ensure that the net income of their employees, in countries where they are placed, is no less than in their home countries. So, for example, if the marginal tax rate is higher in another jurisdiction, the Group will ensure that the impact is nullified by structuring remuneration in such a way that the employee

is not worse off in terms of net remuneration.

BMWSA, in order to facilitate tax compliance by their expatriate employees in South Africa, engaged the services of firms to complete their registration as taxpayers. It also required them to assist expatriate employees with their tax returns as well as to deal with queries and objections to assessments in respect of the domestic tax regime.

BMWSA argued that the secondments were not provided to expatriates as a benefit or advantage and that tax equalization only put the employees in the same position they would have been had they not been seconded to South Africa.

SCA decision

The SCA rejected the argument that there was no link between the employment of the expatriate employees and the payment of the tax consultants' fees.

The SCA had regard to BMWSA's letter of engagement of the tax consultants and considered the nature of the services rendered. They included:

- Registration/deregistration of expatriate employee as a taxpayer with the South African Revenue Service.
- Preparation and submission

of annual income tax return and review of annual income tax assessment from SARS.

- Letter of objection to address any inaccuracies reflected on the assessment. These include section 79A requests for amendment of an assessment or lodging an objection where amounts have been erroneously included or omitted by SARS from the expatriate employee's IT34 assessment.
- Preparation and submission of provisional tax returns, if required.

The SCA concluded that the completion of the tax registration process and of an expatriate employee's tax returns are admittedly complex. The services rendered by the firms to expatriate employees were to ensure that they met their obligations to SARS.

The payments by BMWSA to the tax consultants were made in terms of the expat's contract of employment. These were services that the expatriate employees would otherwise have had to pay for personally.

The services provided are therefore a benefit or advantage as contemplated by s 1 of the Act, read with paragraph 2(e) of the Seventh Schedule and subject to tax.

Man cannot really improve himself without improving others.

**Charles
Dickinson**



Intragroup structuring—BPR 329

This ruling determines the tax consequences of an internal restructuring involving an intra-group transaction followed by a sale of assets to a third party as part of BBBEE.

It was ruled that:

- The applicant will acquire the properties as capital assets from the co-applicants, which held the properties as capital assets in accordance with section 45(1); and
- The proceeds on the disposal of the properties by the applicant to the third party will not constitute gross income as defined in section 1(1).

Rebate and deduction for foreign tax on income

SARS released a draft interpretation note for comment on rebates and deductions under section 6quat for foreign taxes on income. The due date for comments is 15 November 2019.

Residents are subject to income tax on their worldwide taxable income regardless of the source of the income. Foreign-source amounts derived by a resident may under specific circumstances be taxed by the country of source and by South Africa, resulting in international juridical double taxation.

International juridical double taxation refers to the imposition of similar taxes by two or more sovereign countries on the same item of income (including capital gains) of the same person.

Relief from double taxation resulting from the imposition of tax by a residence country and a source country on the same amount is normally granted by the residence country. Thus, the source country's right to tax generally has priority over the residence country's right to tax. In many instances, countries provide for relief from inter-

national juridical double taxation under a tax treaty, although many countries (including South Africa) also provide unilateral tax relief in their domestic law.

South Africa provides relief from double taxation to its residents in its domestic law mainly by rebate methods or by a deduction for foreign taxes payable on income that is subject to South African normal tax. The rebate and deduction methods are supplemented by certain exemptions for foreign-source amounts received by or accrued to residents.

Rebate

Section 6quat(1) provides for the principal method used to provide relief for foreign taxes proved to be payable on income derived from a foreign source which is included in a resident's taxable income. Foreign taxes falling within this category do not qualify for a deduction under section 6quat(1C)(a).

Section 6quat(1) provides for the deduction of foreign taxes against normal tax payable. • Section 64N provides relief for foreign taxes paid on for-

foreign dividends paid by a foreign company on listed shares. Section 64N provides for a deduction of foreign taxes against dividends tax levied under section 64E(1).

Deduction

Under section 6quat(1C)(a) a resident may claim certain foreign taxes that do not qualify for a rebate under section 6quat(1) as a deduction in determining taxable income derived from carrying on any trade, that is, essentially, foreign taxes paid or proved to be payable on South African-source amounts.

Depending on the nature and detail of the amounts, one or more of the methods of relief provided for in section 6quat(1), section 6quat(1C)(a) and section 64N may apply to a person in respect of different amounts received by or accrued to or paid to that person during a particular year of assessment.

The draft Interpretation Note contains numerous examples setting out SARS' interpretation and intended application of section 6quat.



*Continuous
improvement is
better than
delayed
perfection.
Mark Twain*

Donations Tax—Draft BGR

SARS released a draft BGR for comment regarding the determination of the threshold for applying the higher rate of donations tax. Comments are due 30 November 2019.

This BGR aims at providing clarity on the rate of donations tax chargeable for the value of any property disposed of under a donation, and the determination of the R30 million threshold to be applied to such value.

Issues

The following issues arise in relation to the R30 million threshold, which impact on whether a donations tax rate of 20% or 25% applies:

- Over what period must the sum of all donations preceding the current donation be determined?
- Does the "value" of all donations preceding the current donation include exempt donations?

Ruling

The value of property disposed of under a donation prior to 1 March 2018 must not be taken into account in calculating the R30 million threshold for purposes of imposing donations tax at the rates set out in section 64(1)(a).

The value of exempt donations must not be taken into account in calculating the R30 million threshold for purposes of imposing donations tax at the rates set out in section 64(1)(a).





Tax treaties

A tax treaty is an international agreement aimed at eliminating or providing relief from international double taxation. However, such agreements also enable exchange of information between tax administrations, provide for a mutual agreement procedure to assist in resolving any conflict arising out of the interpretation or application of the tax treaty and may allow for tax collection on another tax administration's behalf.

A tax treaty does not impose tax. Tax is imposed in terms of a country's domestic law.

The purpose of a tax treaty is to **allocate taxing rights**. Generally, a tax treaty will provide for income to be taxed solely in one country or, if it remains taxable in both countries, for a taxpayer's country of residence to be obliged to grant relief under an Article on "Elimination of Double Taxation".

In South Africa, relief will generally be granted in the form of a credit. Reduced levels of withholding taxes, in situations that double taxation is permitted, are also provided for.

A list of the tax treaties in force in South Africa is available on the SARS website. Since each tax treaty is unique, the relevant agreement must be consulted and its provisions adhered to. The SARS website provides details of progress made on tax treaties currently being negotiated but not yet entered into force.

*Do not be afraid
of improving
slowly. Be afraid
of standing still.*
Leo Babauta

Income from employment can be divided into the following categories:

- Salary, overtime, commission, bonus etc.
- Allowances
- Taxable benefits; and
- Gains.

The above income is subject to PAYE, unless the allowance or benefit is specifically exempt from normal tax or no value is placed on the benefit.

Allowances

Allowances are generally paid to employees to meet expenditure incurred on behalf of an employer. Any portion of the allowance not expended for business purposes must be included in the employee's taxable income. The most common types of allowance are travelling, subsistence and uniform allowances.

Travelling allowance

Motor vehicle travelling allowances are taxable but expenses for business travel may be deducted from the allowance received.

It is compulsory to keep a logbook to claim a deduction for business travel. A logbook, which a taxpayer can use to record business and private trips, is available on the SARS website.

Subsistence allowance

A subsistence allowance may be paid to employees to enable them to meet expenses incurred on accommodation and meals when away on business from their normal place of residence for at least one night.

For the year of assessment commencing on 1 March 2018, the amount deemed actually expenses is as follows:

- If the accommodation to which the allowance or advance relates is in South Africa, an amount equal to –
 - * R128 per day, if that allowance or advance is paid or granted to defray incidental costs only; or
 - * R416 per day, if that allowance or advance is paid or granted to defray the cost of meals and incidental costs.

- If the accommodation to which the allowance or advance relates is outside South Africa, the daily amount deemed to be expended will be an amount applicable to the respective country, specified in the Government Notice.

The full amount of a subsistence allowance that exceeds the business expenses, or the amount calculated at the above rates, as the case may be, must be included in the employee's taxable income.

Uniform allowance

The value of a uniform, or the amount of an allowance granted by an employer to an employee in lieu of any such uniform, must be included in the employee's gross income. The value of the uniform or the amount of the allowance will be exempt from normal tax under section 10(1)(nA) provided that the employee is required to wear a special uniform while on duty as a condition of the employee's employment and the uniform is clearly distinguishable from ordinary clothing.



Taxable benefits

A taxable benefit is deemed to have been granted by an employer to an employee in respect of employment with the employer if a benefit or advantage of such employment, or a reward for services rendered or to be rendered by the employee to the employer, accrues to the employee.

Taxable benefits are not paid in cash and a value for the benefit needs to be determined. The Seventh Schedule contains specific provisions for the calculation of the value that must be placed upon each taxable benefit which accrues to an employee. The value of certain taxable benefits, such as company-owned residential accommodation, or the use of a company motor vehicle, is calculated by way of prescribed formulas.

Any consideration given by an employer to an employee relevant to a taxable benefit will normally reduce the amount so determined.

Taxable benefits include, for example, the use of free or cheap accommodation, right of use of a company motor vehicle, the acquisition of an asset at a consideration below cost, free or cheap services, private use of an asset, low-interest loans, housing subsi-

dies, redemption of loans due to third parties, medical benefits, benefits under insurance policies and contributions made to retirement funds.

Residential accommodation

Residential accommodation includes any accommodation occupied temporarily for purposes of a holiday. A benefit arises when residential accommodation consisting of at least four rooms is provided to an employee by an employer.

Any residential accommodation supplied by an employer as a benefit, advantage or as a reward is valued at the greater of

- the cost borne by the employer, less any amount paid by the employee; or
- the amount calculated by using the formula laid down in paragraph 9(3) of the Seventh Schedule, less any amount paid by the employee.

Interest-free or low interest loans

The difference between the actual amount of interest charged on an interest-free or low interest debt owed by an employee and the interest charged at the official rate of interest, is to be included in the gross income of the em-

ployee. The official rate of interest applicable to the 2020 year of assessment was 7.75% from 1 March 2019 until 31 July 2019 after which the rate decreased to 7.5%.

Right of use of a motor vehicle

The value of a company motor vehicle made available to an employee for private use must be included in the employee's gross income as a taxable benefit. The taxable value is calculated at

- 3,5% per month of the "determined value" as defined in the Seventh Schedule. In the event that the motor vehicle is the subject of a maintenance plan at the time the employer acquired the motor vehicle or the right of use thereof, the amount is reduced to an amount equal to 3,25% of the determined value; or
- the actual cost to the employer incurred under an operating lease and the cost of fuel for that vehicle, if the vehicle is acquired by the employer under an "operating lease" concluded by the parties at arm's length and who are not connected persons in relation to each other.



*He who stops
being better stops
being good.
Oliver
Cromwell*

Donations tax

Donations tax is payable by any resident (the donor) who makes a donation to another person (the donee). Donations tax is calculated at a rate of 20% on the cumulative value of property disposed of not exceeding R30 million, and at a rate of 25% on the cumulative value of property disposed of exceeding R30 million.

Exemptions

- Casual gifts made by a donor other than a natural person, not exceeding R10 000 during a year of assessment. If the period of assessment is less than 12 months or exceeds 12 months the R10 000 must be adjusted in accordance with the ratio that the year of assessment bears to 12 months.
- Donations by a donor who is a natural person, not exceeding R100 000 during a year of assessment.
- The sum of all bona fide contributions made by a donor for the maintenance of any person as the Commissioner considers to be reasonable.





Withholding tax—Non-resident seller of fixed property

A withholding amount is due upon the sale of immovable property in South Africa by a non-resident. The purchaser must deduct the following tax from the amount payable to the seller, or to any other person for or on behalf of the seller:

- 7,5% of the amount payable, if the seller is a natural person;
- 10% of the amount payable, if the seller is a company; or
- 15% of the amount payable, if the seller is a trust.

The seller may apply for a directive that no amount or a reduced amount be withheld having regard to the circumstances mentioned in section 35A(2).

The amount withheld is an advance (credit) against the seller's normal tax liability for the year of assessment during which the property is disposed of.

No amount must be withheld

- if the total amount payable for the immovable property does not exceed R2 million;

or

- from any deposit paid by a purchaser for the purpose of securing the acquisition of the immovable property until the agreement for the disposal has been entered into, in which case the amount is to be withheld from the first following payments made by the purchaser for that disposal.

*There is always
one more thing to
learn.*

Steve Jobs

General Anti-Avoidance Rule (GAAR)

The Commissioner may make adjustments if it is found that an impermissible avoidance arrangement was entered into with the sole or main purpose to obtain a tax benefit and the following requirements are met.

Business

In the context of business it the arrangement

- was entered into or carried out by means or in a manner which would not normally be employed for bona fide business purposes,

other than obtaining a tax benefit; or

- lacks commercial substance, in whole or in part, taking into account the provisions of section 80C.

Other than business

In a context other than business, the agreement was entered into or carried out by means or in a manner which would not normally be employed for a bona fide purpose, other than obtaining a tax benefit.

Any context

In any context, the agreement

- has created rights or obligations that would not normally be created between persons dealing at arm's length; or
- would result directly or indirectly in the misuse or abuse of the provisions of the Act.

The application of the GAAR rule is based on the definition of "impermissible avoidance arrangement" in section 80A.

Tourist VAT refunds

Goods consumed and services rendered in South Africa, do not qualify for a VAT refund. However, any qualifying purchaser (including a foreign tourist) may obtain a refund of the VAT paid for any goods purchased whilst in South Africa from the VAT Refund Administrator (VRA).

In order to obtain a refund, the qualifying purchaser must remove (export) the goods when departing from South Africa and must have the goods available for inspection by Customs at the point of departure as well as by the VRA if the VRA is present at the point of exit. The qualifying purchaser must be in possession of a valid tax invoice issued by a registered VAT vendor relating to the goods removed. An administration fee is levied by the VRA for processing the refund. This fee may change from time-to-time. For more details in this regard, see the VRA details provided below.

The VRA will process the refund if the purchaser exits South Africa via any of the international airports situated in Johannesburg (OR Tambo), Durban (King Shaka International) and Cape Town (Cape Town International). However, if the purchaser exits the country via any other designated commercial port, the refund application must be posted to the VRA after leaving the country.



VAT refund for tourists

A VAT refund will be considered only when all of the following requirements are met:

- The purchaser must be a qualifying purchaser.
- The goods must be exported within 90 days from the date of the tax invoice.
- The VAT-inclusive total of all purchases exported at one time must exceed the minimum of R250.
- The request for a refund, together with the relevant documentation, must be received by the VRA within three months of the date of export.
- The goods must be exported through one of the 43 designated commercial ports by the qualifying purchaser or the qualifying purchaser's cartage contractor.

For more information on the documentary requirements and the procedures involved in obtaining a refund, see the Export Regulations and the Tax Refund Information pamphlet which is issued by the VRA and is available from all of South Africa's International Airports or the VRA's website www.taxrefunds.co.za.



Customs value

Customs duty is levied on imported goods. This duty, if expressed as a percentage (ad valorem), is always calculated as a percentage of the value of the goods.

The customs value of any commodity is established under the General Agreement on Tariffs and Trade (GATT) valuation code, through the use of either one of six valuation methods. The majority of goods are valued by using method 1, which is the actual

price paid or payable by the buyer of the goods. The Free on Board (FOB) price forms the basis for the calculation of duties, levies and taxes, allowing for certain deductions (for example, interest charged on extended payment terms) and additions (for example, certain royalties) to be effected.

In determining the customs value, SARS pays particular attention to the relationship between the buyer and seller, payments outside of the nor-

mal transactions, for example, royalties and licence fees and restrictions which have been placed on the buyer. These aspects can result in the price paid for the goods being increased for the purpose of determining a customs value and thus directly affecting the customs duty payable.

*Excellent firms
don't believe in
excellence—only
constant
improvement and
constant change.*
Tom Peters

Levy on sugary beverages

The sugary beverages levy applies to specific sugary drinks, as well as preparations and concentrates used in the manufacture of sugary drinks. The policy objective with the levy is to combat obesity and promote healthier consumer beverage choices.

The levy rate is 2.21 cents per gram of the sugar content of the finally mixed beverage that exceeds 4 grams per 100 millilitres with effect from 1 April 2019 and applies to locally manufactured and imported products that are consumed locally.

Local manufacturers of sugary beverages levy goods must license their premises as manufacturing warehouses with their local Customs and Excise Office and submit monthly excise accounts.





Protection of personal information

The Protection of Personal Information Act, 4 of 2013, protects the constitutional right to privacy by safeguarding personal information when processed by a responsible party.

Personal information

Personal information is defined to mean information relating to an identifiable, living, natural person, and where it is applicable, an identifiable, existing juristic person, including, but not limited to

- information relating to the race, gender, sex, pregnancy, marital status, national, ethnic or social origin, colour, sexual orientation, age, physical or mental health, well-being, disability, religion, conscience, belief, culture, language and birth of the person;
- information relating to the education or the medical, financial, criminal or employment history of the person;
- any identifying number, symbol, e-mail address, physical address, telephone number, location information, online identifier or other particular assignment to the person;
- the biometric information of the person;
- the personal opinions, views or preferences of the person;
- correspondence sent by the person that is implicitly or explicitly of a private or confidential nature or further correspondence that would reveal the contents of the original correspondence;
- the views or opinions of another individual about the person; and
- the name of the person if it appears with other personal information relating to the person or if the disclosure of the name itself would reveal information about the person;

Section 14 of the Protection of Personal Information Act states that personal information must not be retained for any longer than is necessary to achieve the purpose for its collection. If there is no legal requirement to keep the information, it should be deleted. The Act therefore places an obligation on the person collecting the data to delete or remove it at a certain time.

Exceptions

Records of personal information must not be retained any longer than is necessary for achieving the purpose for which the information was collected or subsequently processed, unless:

- retention of the record is required or authorised by law;
- the responsible party reasonably requires the record for lawful purposes related to its functions or activities;
- retention of the record is required by a contract between the parties thereto; or
- the data subject or a competent person where the data subject is a child has consented to the retention of the record.

Destruction of records

A responsible party must destroy or delete a record of personal information or de-identify it as soon as reasonably practicable after the responsible party is no longer authorised to retain the record. The destruction must be done in a manner that prevents its reconstruction in an intelligible form.

If you define the problem correctly, you almost have the solution.

Steve Jobs



Continued professional development (CPD)



The Institute has made “CPD” compulsory for all members as from 1 April 2006.

“CPD” is a requirement laid down by the International Federation of Accountants (IFAC) and its affiliates i.e. PAFA and all statutory bodies in South Africa such as (SARS, SAQA, CIPC, etc.) and is incumbent upon all members of the IAC.

CPD requirements are set by the Board from time to time and notice thereof will be placed on the Institute’s website.

Why is continued professional development so important?

- ◆ One of the underlying principles of any Institute is that its members should be competent to carry out their duties and responsibilities.
- ◆ A member has a duty to maintain a high level of professional knowledge and skills to carry out his work in accordance with all relevant laws, regulations, technical and professional standards applicable to that work.
- ◆ A member should only undertake work which he or she is able to carry out with professional competence.
- ◆ A member should maintain his or her professional knowledge and skill. This requires a continuing awareness of developments in the accountancy and tax profession.

Definition of continued professional development

Continued Professional Development represents ongoing post-qualification development, aimed at refreshing, updating and developing knowledge and skills of professionals.

Qualifying activities for CPD purposes should maintain and expand a members’ capacity to enable them to discharge their professional obligations and should have the following characteristics:

- ◆ An organized, orderly framework developed from a clear set of objectives.
- ◆ A structure for imparting appropriate basic knowledge of a technical and practical nature.
- ◆ Requires involvement from the member

Recording of CPD hours

Members are required to keep a personal record and proof of their time spent on CPD activities and is required to update their CPD hours on the Institute’s online database on a regular basis, by no later than 31 December in each year. **You may only upload structured CPD hours if you have proof of attendance.**

What constitutes structured CPD

- ◆ Courses, seminars, workshops, lectures & conventions which are relevant to the field of accounting, tax, auditing and company law.
- ◆ Attending meetings of technical committees
- ◆ Researching and writing technical publications
- ◆ Preparation and delivery of technical papers and seminars
- ◆ Attending discussion groups (Practice groups) on the above subject matter.

CPD Reminder

What Constitutes Unstructured CPD

Reading of technical and business literature e.g. The Professional (The IAC's Technical Bulletin), Management Today and various technical updates.

How many CPD hours do you need to obtain

In order to retain your membership status, you will need to obtain a total of 120 (one hundred and twenty) hours CPD, over a 3 (three) year cycle. **However you need to do a minimum of 40 hour per annum (of which 50% must be structured hours).**

The 40 CPD Hours are categorised as follows:

- ◆ 20 hours structured CPD and
- ◆ 20 hours unstructured CPD

A breakdown of CPD hours for the various categories of membership:

◆ Independent Reviewers / Accounting Officers and Accountants in Commerce

40 CPD hours / annum (20 structured + 20 unstructured dispersed evenly into the various categories listed below) and if any of these members carry Tax Practitioner status then included in this, they will need to complete 9 structured + 6 unstructured tax hours.

◆ Technical Accountants

20 CPD hours / annum (10 structured + 10 unstructured hours dispersed evenly into the various categories listed below) and if any of these members carry Tax Practitioner status then included in this, they will need to complete 9 structured + 6 unstructured tax hours.

◆ Certified Business Rescue Practitioners Only

20 CPD hours / annum (12 structured of which 4 must be relating to Business Rescue + 8 from any other category, then you will need 8 unstructured hours as well)

◆ Certified Tax Practitioners and Associate Tax Practitioners

15 CPD hours / annum (9 structured tax hours + 6 unstructured tax hours)

CPD categories

The Board further recommended that CPD hours need to be broken down into the following categories as applicable to your Designation:

- ◆ Accounting (i.e. IFRS)
- ◆ Taxation
- ◆ Company Law
- ◆ Auditing & Review Engagements
- ◆ Business Rescue

CPD reminder

The Board further recommended that CPD has to be broken down into the following categories as applicable to your Designation (continued):

- ◆ Ethics
- ◆ Other (which is appropriate to the type of work undertaken by the member).



Penalties for Non Compliance

Please note that the following penalties will be levied if a member fails to meet the CPD requirements:

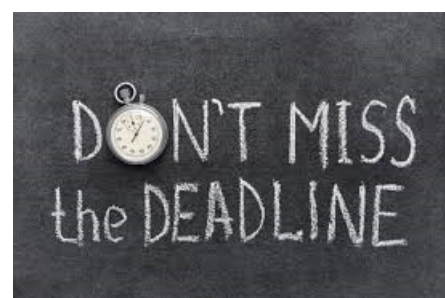
- ◆ First time offenders : R 2 000 and catching up on outstanding CPD hours
- ◆ Second time offenders: R 5 000 and catching up on outstanding CPD hours
- ◆ Third time offenders: R 10 000 and catching up on outstanding CPD hours
- ◆ More than 3 offences: IAC membership is terminated.



Without continual growth and progress, such words as improvement, achievement and success have no meaning.
Benjamin Franklin

Important tax dates

- 23 September 2019—Start of employer interim reconciliation
- 7 October 2019—PAYE submissions and payments
- 25 October 2019—VAT manual submissions and payments
- 30 October 2019—Excise duty payments
- 31 October 2019
 - * VAT electronic submissions and payments
 - * CIT provisional tax payments
 - * Tax season 2019 branch filing for individuals close
 - * End of employer interim reconciliation
- 7 November 2019—PAYE submissions and payments
- 25 November 2019—VAT manual submissions and payments
- 28 November 2019—Excise duty payments
- 29 November 2019
 - * VAT electronic submissions and payments
 - * CIT provisional tax payments



NEW DESIGNATION OFFERED BY IAC

The IAC gladly informs you that you can apply for the designation of "Business Rescue Practitioner" as this designation forms part of the basket of designations that the IAC offers.

In terms of Section 138(1) (chapter 6) of the Companies Act 71 of 2008, a person who is a member in good standing of a Recognized Controlling Body (RCB) with CIPC may be appointed as a Business Rescue Practitioner, provided that the person has a qualification in law, accounting or business management.

On the experience aspect, it has been decided by the IAC that an applicant should have at least 5 years practical experience as a Practising Accountant / Commercial Lawyer or a Business Manager.

The IAC Board has decided at that we will **NOT** be charging our Accounting Officers an extra subscription fee for this designation if you wish to apply but rather add it to your existing designations. Your fees include PI Insurance up to R5m, but if you want more cover, you must take that separately. I strongly advise you to look at this carefully.

The protocol in accordance to CIPC requirements is that you apply for a "letter of good standing and if you meet the requirements set out in that application, you will then qualify to receive a **"letter of good standing"** from IAC. This application will cost you R1,000 plus VAT and is valid for 1 calendar year January to December each year. This payment falls due upon application for the letter of Good Standing. You will then be required to submit this **"letter of good standing"** to CIPC who will then assign you the task as you request or on hand.

For those members who are not Accounting Officers with the IAC and require this designation, the subscription fee will be included in your normal fees and you will further be required to pay R1,000 plus VAT for the letter of good standing from the Institution.

Lastly, if all of the above is met, you will then be required to write our entrance evaluation for the designation of the BRP which is a 4 hour assessment. (2.50 hours written and 1.50 orally, marked with you).

The evaluation will cover:

1. CIPC Reporting
2. The Law of Insolvency (Insolvency Act)
3. Principles of Management.
4. Accounting
5. Company and Commercial Law
6. Taxation.

The criteria and application for the letter of good standing together with the RPL Policy, is loaded onto our website on the homepage where you'll find the other designations that the IAC offers. We encourage you to peruse this new designation that the IAC is offering and consider applying. We would also like you to invite others who are not IAC Members to apply.

Apply Now to be a

Business Rescue Practitioner

Entrance evaluation will be applicable
enquire at members@iacsa.co.za
or call 021 761 6211.

IAC Accounting Officers
will NOT pay an extra
subscription fee for this
Designation.

Membership



Congratulations to all our new members and those who upgraded their designation (*)

<u>Certified Business Rescue Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655680 (CBRP)	Chetty	Abel
<u>Independent Accounting Professional (Reviewer)/ Tax Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655680 (IAP)(CTP)	Chetty	Abel
631740 (IAP)(CTP)*	Fourie	David Johannes
<u>Financial Accountant in Practice /Certified Tax Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655680 (FAP)(CTP)	Chetty	Abel
655676 (FAP)(CTP)	Marufu	Tinashe Lucky Chenjerai
655681 (FAP)(CTP)	Ezala	Chezinala Jabson
655678 (FAP)(CTP)	Mabone	Annie Masamo
655610 (FAP)(CTP)*	Bhandall	Rajpreet Kaur
<u>Technical Accountant /Certified Tax Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655683 (TA)(CTP)	Smit	Gilliam Juan
655669 (TA)(CTP)	Joubert	Beulah Blanche
655674 (TA)(CTP)	Dujardin	Salomie
655682 (TA)(CTP)	Zulu	Perfect
655677 (TA)(CTP)	Mushayi	Joseph
655679 (TA)(CTP)	Schabort	Petrus Johannes
<u>Certified Tax Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
653662 (CTP)*	Makhubela	Hetisani Lucky
621358 (CTP)*	Sommer	Mark Klaus
655603 (CTP)	Kgwathisi	Tshepo Phillip
<u>Associate Tax Practitioner</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655675 (ATP)	Swart	Petrus Johannes
<u>Students on Learnership</u>		
<u>Membership Number</u>	<u>Surname</u>	<u>Name</u>
655688	Labuschagne	Annuscha
655689	Mathembe	Dickson Mzwakhe

**INSTITUTE OF
ACCOUNTING AND
COMMERCE**

252 Rosmead Avenue
Wynberg
7780

Phone: (021) 761 6211
Fax: (021) 761 5089
E-mail: Prakash Singh
ceo@iacsa.co.za

ENQUIRIES

General:

Abeeda Busch
info@iacsa.co.za

Membership

Soraya Busch
members@iacsa.co.za

Compliance

Bronwyn Benjamin
compliance@iacsa.co.za

Finance

Valencia Williams
finance2@iac.co.za

Information Technology

Tasriq Adams
it@iacsa.co.za

CEO & Technical

Prakash Singh
ceo@iacsa.co.za

Office Hours:

Monday - Thursday
08:00 - 16:00
Friday
08:00 - 15:30

www.iacsa.co.za



A dynamic world-class professional accounting institute

Vision

To be a dynamic world class Professional Accounting Institute (incorporating related fields) at the forefront of technology and an integrated approach to the profession.

Mission

It is the aim of the Institute to be recognised as the pre-eminent Professional Body for Accountants and other related professionals by actively promoting the effective utilization and development of qualified professionals, through the achievement of excellence in standards of professional competence and socially acceptable ethical conduct amongst its members, through a dynamic integrated approach to the legislative and environmental arena.

2019 Career fair



Dear Prakash Singh (IACSA)

RE: Thank you for participating in the 2019 Careers Fair, Unisa, Western Cape Region.

Counselling and Career Development, Unisa, Cape Town Campus wishes to thank you for being part of our Careers Fair on the 29 March 2019.

Your participation carries much power, since you are a catalyst sowing the seeds for a new season's growth in the lives of the students. Your conversations offer much needed information and we appreciate the opportunity you extended to those who attended.

The expansion of the Careers Fair is part of the efforts on this campus to develop the graduateness of our students. Therefore, the time, effort and support you have placed into this project amplified our efforts.

The feedback from students indicate that interactions are valued. Unisa staff had an exciting and enjoyable day. At the same time, we identified various issues that will be addressed to ensure improvements for the 2020 event. We are also exploring the possibility of restructuring the entire event to offer events for target specific groups of students in 2020. We still need to brainstorm and discuss the planning for the 2020 events based on the outcomes of this event.

We will keep you informed of the latest updates.

Thank you for making this one day a reality for many.

Sincerely Yours



Ms Chantal Adams
Student Counsellor
Unisa Western Cape Campus
Directorate: Counselling and Career
Development
Tel: 021 936 4123/4129



University of South Africa
Preller Street, Muckleneuk Ridge, City of Tshwane
PO Box 392 UNISA 0003 South Africa
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150
www.unisa.ac.za