

# The Professional

Volume 12, Issue 2

June 2021

## Special points of interest:

- POPIA compliance: 1 July 2021
- 2021 Filing season commences on 1 July 2021
- Increase in UIF contribution ceiling.



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## Protection of Personal Information Act

The Protection of Personal Information Act (POPIA) came into effect on 1 July 2020. POPIA granted public and private bodies 1 year to comply with the Act, which therefore requires compliance from 1 July 2021. Since POPIA applies to public as well as private bodies, it is crucial that our members (and their clients) are ready to be compliant. The following preliminary steps should be taken:

### 1. Appoint an Information Officer (and Deputy Information Officer, where applicable.)

The Information Officer (and deputy information officers) should be registered with the Information Regulator via its electronic portal. The IOs duties and responsibilities are set out later in the newsletter.

### 2. Assess current records of personal information

It is important to assess the current data collected to determine whether it falls within the definition of "personal information", covered later in this news letter. A list should be compiled of personal information processed and held.

### 3. Audit current process used to collect, record, store and disseminate data.

Evaluate the current processing activities that are being undertaken by the business involving personal information and/or special personal information.

Create a detailed list/schedule of these processing activities setting out:

- where the information is being processed;
- what type of information is being processed; and
- by whom the information is being processed.

Evaluate all service agreements relating to data processing and update contracts accordingly.

### 4. Ensure appropriate security safeguards are in place

Secure the integrity and confidentiality of personal information in possession or under the control of the body by taking appropriate, reasonable technical and organisational measures to prevent:

- loss of, damage to or unauthorised destruction of personal information; and
- unlawful access to or processing of personal information.

Take reasonable measures to:

- identify internal and external risks;
- establish and maintain safeguards against the identified risks;
- regularly verify that the safeguards are implemented effectively; and
- ensure that the safeguards are continuously updated.



*To be trusted is  
a bigger  
compliment  
than being  
loved.  
George  
MacDonald*

## Protection of Personal Information Act

The Protection of Personal Information Act (POPIA) came into effect on 1 July 2020. POPIA granted public and private bodies 1 year to comply with the Act, which therefore requires compliance from 1 July 2021. The Information Regulator (IR) is also taking over the regulation of POPIA from 1 July 2021. The IR published a Guidance Note on applications for Prior Authorisations on 11 March 2021.

All public and private bodies are required to comply with POPIA from 1 July 2021.

The IR announced on 18 June 2021 that they are granting an extension on the application on processing as set out in section 58(2). Kindly note that this is not an extension of compliance to the POPIA but only refers to the implementation of section 58(2). Section 58 deals with the requirements that a responsible party (the public or private body) must notify the Regulator if processing is subject to prior authorisation.

Responsible parties must notify the IR if they are processing (or plans to process) the following information:

- Any unique identifiers of data subjects that is processed for a purpose other than the one the identifier was specifically intended at collection and with the aim of linking the information together with information processed by other responsible parties. A unique identifier is defined as: "Any identifier that is assigned to a data subject and is used by a responsible party for the purposes of the operations of that responsible party and that uniquely identifies that data subject in relation to that responsible party." The Guidance note provides examples of a unique identifier as a bank account number, student number, policy number, employee number, etc.
- Information on criminal behaviour or on unlawful or objectionable conduct on behalf of third parties. The Guidance Note indicates that this may refer to any person contracted to conduct a criminal record enquiry, or a reference check pertaining to past conduct.
- Information for the purposes of credit reporting. The Guidance note states that any credit bureaus registered with the National Credit Regulator or any person processing personal information for credit reporting purposes may apply for prior authorisation.
- Transfer of special personal information or the personal information of children to a third party in a foreign country that does not provide an adequate level of protection for the processing of personal information.

The Regulator confirmed on 22 June 2021 that there is no deadline for the registration of Information Officers (IOs) and Deputy Information Officers (DIOs).

Personal information can be lawfully processed in terms of the eight conditions by a responsible party. The processing of personal information would however not be in breach of a condition for processing if the Regulator granted an exemption or the processing is done in accordance with section 38.

## Conditions for the lawful processing of personal information

Personal information can be lawfully processed if the responsible party meets the following eight conditions:

- **Accountability**—The responsible party must ensure that the conditions of POPIA are met.
- **Processing limitation**—Personal information must be processed lawfully and in a reasonable manner that does not infringe the privacy of the data subject. Personal information may only be processed if, given the purpose for which it is processed, is adequate, relevant and not excessive.
- **Purpose specification**—Personal information must be collected for a specific, explicitly defined and lawful purpose related to the function or activity of the responsible party. Personal information should generally not be retained any longer than is necessary for achieving the purpose for which the information was collected.
- **Further processing limitation**—Further processing of personal information must be in accordance or compatible with the purpose for which it was collected.



## Exemption for processing personal information

Section 37 of POPIA states that the Regulator may by notice in the Gazette grant an exemption to a responsible party to process personal information, even if the processing is in breach of a condition if the Regulator is satisfied that the public interest outweighs any interference with the privacy of the data subject or the processing involves a clear benefit to the data subject that outweighs any interference with the privacy of the data subject.

The Regulator published a Guidance Note on Exemptions from the Conditions for

Lawful Processing of Personal Information in terms of sections 37 and 38 of POPIA as well as the application form should responsible parties want to apply.

The responsible party applying for an exemption must satisfy the IR that processing

- is in the public interest and the public interest is so significant that it outweighs the data subject's right to the protection of its or his or her personal information;

- or processing involves a clear benefit to the data subject.

Public interest includes the interests of national security, the prevention, detection and prosecution of offences, important economic and financial interests of a public body, historical, statistical or research activity and the special importance of the interest in freedom of expression.



## Conditions for the lawful processing of personal information

- Information quality—A responsible person must take reasonably practicable steps to ensure that the personal information is complete, accurate, not misleading and updated where necessary.
- Openness—A responsible party must maintain the documentation of all processing operations under its responsibility.
- Security safeguard—A responsible person must secure the integrity and confidentiality of personal information in its possession or under its control by taking appropriate, reasonable technical and organizational measures to prevent loss of, damage to or unauthorized destruction of personal information and unlawful access to or processing of personal information.
- Data subject participation—A data subject, having provided adequate proof of identity, has the right to request the responsible party to confirm whether it holds personal information about the data subject and request a record or description of the personal data held as well as the correction or deletion thereof.

*You may be  
deceived if you  
trust too much,  
but you will live  
in torment if  
you don't trust  
enough.  
Frank Crane*

## POPIA— What is “Processing”?

Processing means any operation or activity or any set of operations, whether or not by automatic means, concerning personal information, including:

- The collection, receipt, recording, organisation, collation, storage, updating or modification, retrieval, alteration, consultation or use;
- Dissemination by means of transmission, distribution or making available in any form; or
- Merging, linking, as well as restriction, degradation, erasure or destruction of information.

Based on the above, it is clear that the definition of “processing” is very wide. It will therefore include basic gathering of information as part of client on-boarding procedures. All members should therefore ensure that they are cognizant of the requirements of POPIA, not only for their own practice, but also to guide their clients.





## POPIA—Personal information

According to POPIA, personal information means information relating to an identifiable, living, natural person or juristic person including:

- Information relating to the race, gender, sex, pregnancy, marital status, national, ethnic or social origin, color, 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 a person;
- The personal opinions, views or preferences of a 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 of opinions of another individual about the person;
- 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.

## POPIA Check list—Dealing with information in possession

The following steps should be performed in respect of personal information in the public/private body's possession:

Step	Description
<b>1. Verify the quality of the information</b>	Take reasonable steps to ensure that personal information is complete; accurate; not misleading; and updated.
<b>2. Verify whether the information is processed further</b>	Check the rationale for any further processing of personal information and whether it is in line with the initial purpose for which it was collected. If information has been received via a third party for further processing, ensure that the further processing is compatible with the purpose for which the data was initially collected.
<b>3. Monitor and manage retention of records and disposal thereof</b>	Ensure that records of personal information are not retained any longer than is necessary for achieving the purpose for which the information was collected. If personal information is retained for a longer period, check whether any of the following exceptions apply: <ul style="list-style-type: none"> <li>• Retention of the record is required or authorised by law;</li> <li>• The record is reasonably required for lawful purposes related to the functions or activities;</li> <li>• Retention of the record is required in terms of a contract between parties thereto; or</li> <li>• The data subject has consented to the retention of the record.</li> </ul> Confirm whether records of personal information fall within the category of serving historical, statistical or research purposes. Ensure that you establish appropriate safeguards against the records being used for any other purpose.
<b>4. Delete unauthorised information</b>	Delete any record of personal information or de-identify it as soon as reasonably practicable after you are no longer authorised to retain such information. You will no longer be authorised to retain information if: the information is no longer necessary for the purpose for which it was obtained; the data subject has withdrawn their consent for the processing of their information; the data subject has validly objected to the processing or further processing of their information; or the data subject has made a valid request for the deletion of their personal information.

## Registration of POPIA Information Officers

The Protection of Personal Information Act 4 of 2013 (POPIA) prescribes compulsory requirements for the registration of Information Officers (IOs) with the Information Regulator (IR).

The existing IOs under the Promotion of Access to Information Act 2 of 2000 (PAIA) will have to register once the IR as started the registration process.

It is the duty of the responsible parties and their IOs to ensure strict compliance with the relevant provisions of the POPIA and PAIA and respective regulations under the above-mentioned legislation.

The registration of IOs and/or Deputy Information Officers (DIOs) commenced on 1 May 2021.

In order to speed up the registration process, responsible parties are encouraged to submit their applications for registration through the online registration portal.

The application form for the registration of IOs and/or their DIOs can be downloaded from the IR's website <https://www.justice.gov.za/inforeg/docs.html>.

Responsible parties who have submitted their applications using the old forms are encouraged to reapply using the online platform to register IOs.

### Who is an IO?

An information officer is :

- The Director-General of the relevant national department or provincial administration;
- The municipal manager in the case of a municipality;
- The chief executive officer of any other public body; or
- The head of a private body.

Private body means :

- a natural person who carries or has carried on any trade, business or profession, but only in such capacity;
- a partnership which carries or has carried on any trade, business or profession; or
- any former or existing juristic person,
- excluding a public body.

### IO registration form

The IO registration form consists of five parts.

- Part A refers to the personal details of the IO, including the person's full name, designation, address, contact numbers and e-mail address.
- Part B requires the personal details of designated or delegated DIOs, including their names, contact numbers and e-mail addresses.
- Part C contains details of the entity, including whether it is a public or private body, the full name of the body, trading name, address, phone numbers, e-mail address and website.
- Part D requires the IO to sign a declaration that the information contained in the registration form is true, correct and accurate.
- Part E collects information for statistical purposes, including the classification of a public body and industry of a private body.



*Trust is built  
with  
consistency.  
Lincoln Chafee*

## Responsibilities of information officers

An IO's duties and responsibilities include:

- The encouragement of compliance by the private/public body with the conditions for the lawful processing of personal information;
- Dealing with personal information requests made to the body;
- Working with the Regulator on investigations
- To develop, implement, monitor and maintain a compliance framework
- To ensure that a personal information impact assessment is done and that adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information;
- To ensure that a manual is developed, monitored, maintained and made available.
- To ensure that internal measures are developed together with adequate systems to process requests for information or access thereto; and
- To ensure that internal awareness sessions are conducted regarding the provisions of POPIA, its regulations, codes of conduct and information obtained from the Regulator.





## POPIA checklist—Obtaining and processing information

Step	Description
<b>1. Define the purpose of the information gathering/processing</b>	<p>Ensure that the personal information that you intend to collect is for a specific, explicitly defined, and lawful purpose that relates to a function or activity of your company.</p> <p>Determine the duration for which the information will be retained to achieve this purpose.</p>
<b>2. Notify the data subject</b>	<p>Notify the person whose information is being processed of</p> <ul style="list-style-type: none"> <li>• what information is being processed; why their information is being processed;</li> <li>• your company name and address;</li> <li>• whether the provision of the information is voluntary or mandatory; the consequences of failure to provide the information;</li> <li>• any particular law authorising or requiring the collection of information;</li> <li>• whether the information will be transferred to a third party or foreign country; and if the information is not collected from them directly, the source from which it is collected.</li> </ul>
<b>3. Determine the legal basis for processing of personal information</b>	<ul style="list-style-type: none"> <li>• Assess and ensure that you have a legal basis (in terms of POPIA) for each processing activity which you undertake.</li> <li>• Ensure that you obtain the informed consent of the data subject (or in the case of a child, a competent person) in order to obtain and process their information, where this may be required.</li> <li>• Please note that there are specific requirements relating to the different types of special personal information.</li> </ul>

## POPIA checklist—Requests for access, correction and/or deletion

Step	Description
<b>1. Create an easy process for the receipt of data subject access requests</b>	<p>Set up a mechanism (included in your PAIA manual and privacy policy) whereby data subjects can:</p> <ul style="list-style-type: none"> <li>• inquire whether you hold their personal information;</li> <li>• request the identity of all third parties with access to their information; and</li> <li>• request a record or description of their personal information.</li> </ul> <p>Establish an accessible process to allow a data subject to:</p> <ul style="list-style-type: none"> <li>• make corrections to information;</li> <li>• withdraw consent for the processing of information; and</li> <li>• object to the collection of information.</li> </ul> <p>Inform data subjects of their right to submit a complaint to the Information Regulator</p>
<b>2. Action the request</b>	<p>If a request to correct, delete or destroy a record of personal information been received from the data subject, ensure that where applicable:</p> <ul style="list-style-type: none"> <li>• the information has been corrected, destroyed or deleted;</li> <li>• credible evidence has been provided to the data subject's satisfaction in support of the information; or</li> <li>• where agreement cannot be reached and the data subject so requests, take reasonable steps to attach a note to the information, which states that a correction of the information has been requested, but that the correction has not been made</li> </ul>
<b>3. Inform the relevant parties</b>	<p>Inform the data subject of the action taken pursuant to their request for deletion/correction.</p> <p>If the correction, destruction or deletion of information has an impact on decisions made by the body, ensure that each person to whom the information was divulged, where reasonably practical, has been informed of such correction, destruction or deletion.</p>

## POPIA checklist—Direct marketing

According to POPIA, “direct marketing” means to approach to a data subject, either in person or by mail or electronic communication, for the direct or indirect purpose of promoting or offering to supply, in ordinary course of business, any goods or services to the data subject or requesting the data subject to make a donation of any kind for any reason.

Step	Description
<b>1. Classify the data subject</b>	If you engage in direct marketing (via electronic means) determine in which category a data subject falls, i.e.: <ul style="list-style-type: none"> <li>• have they given their consent for the processing of their information (for the purpose of direct marketing); or</li> <li>• are they already a customer of your company.</li> </ul>
<b>2. Obtain consent in the prescribed manner and form</b>	Approach a data subject who has not yet given their consent if: <ul style="list-style-type: none"> <li>* their consent is required (i.e. they are not a customer); and</li> <li>* they have not previously withheld their consent.</li> </ul> Keep a record of the data subjects that you have approached, as you may only approach a data subject once .
<b>3. Comply with specific processing requirements</b>	Ensure that the customer information has been obtained: <ul style="list-style-type: none"> <li>• in the context of the sale of a product or service; and</li> <li>• for the purpose of direct marketing of your own products or services.</li> </ul> Give the data subject a reasonable opportunity to freely and informally object to the use of their electronic details at the time of obtaining their details and every time communication is sent to them. Check that all direct marketing communications contain: <ul style="list-style-type: none"> <li>• details of the identity of the sender; and</li> <li>• an address or contact details to which the data subject can object to re-</li> </ul>

## POPIA checklist—Cross-border transfers

In the case that personal information are transferred cross-border, additional requirements need to be complied with: Take steps to determine whether you are entitled to transfer personal information about a data subject to a third party in a foreign country and confirm that at least one of the additional requirements have been met:

- the third party is subject to a law, binding corporate rules or binding agreement which provides an adequate level of protection of personal information;
- the data subject consented to the transfer of the personal information to the third party in a foreign country;
- the transfer is necessary for the performance of a contract between the data subject and your company, or for the implementation of pre-contractual measures taken in respect of a request by the data subject;
- the transfer is necessary for the conclusion or performance of a contract concluded between your company and the third party in the interests of the data subject; or
- the transfer is for the benefit of the data subject and it is not reasonably practical to obtain the consent of the data subject to that transfer and if it were practical, the data subject would have provided their consent.

**Trust yourself. Create the kind of self that you will be happy to live with all your life. Make the most of yourself by fanning the tiny inner spark of possibility into flames of achievement.**

**Golda Meir**



*Trust is the glue of life. It is the foundational principle that holds all relationships.*  
**Stephen Covey**



## Registering as a tax practitioner

Any natural person who provides advice to any other person about the application of a tax Act or completes or assists with the completion of a return for another person is required to be registered as a tax practitioner.

### SARS Requirements

To register as a tax practitioner, a person must meet the following requirements:

- The person must belong to or fall under the jurisdiction of a Recognised Controlling Body as referred to in s 240A of the Tax Administration Act, e.g. the IAC.
- Have the minimum qualifications and experience set by the Recognised Controlling Body.

- Have no criminal convictions for the offences described in s 240(3) of the Tax Administration Act.
- Participate in continuous professional development programmes set by the Recognised Controlling Body.

The registration is a dual process between the Recognised Controlling Body and the Tax Practitioner.

### IAC Requirements—

#### Certified Tax Practitioner

To be eligible to apply for this professional designation, a person must generally hold

- an Accounting or Taxation qualification (NQF 6), or

- At least a NQF 4 qualification with at least 5 years experience in the South African tax environment **and** a commitment to increase their qualification to NQF 5 within 3 years of obtaining IAC membership. (RPL process)

Once the academic and practical component has been met, an applicant would need to undergo a 2 hours written and oral evaluation conducted by a registered IAC assessor. The pass mark for the assessment evaluation is 75%.

In addition to the above, a certified tax practitioner is required to complete 15 CPD hours per year to retain the designation. The CPD shall consist of 9 structured and 6 unstructured CPD hours.

## POPIA and employment records

POPIA covers all information that employers collect, retain or archive on any person who applies for a job, works for the employer or used to work for the employer.

### Exceptions to the application of POPIA

The following instances of processing personal information are explicitly excluded from the application of POPIA:

- In the course of purely personal or household activities;
- Information that has been de-identified to the extent that it cannot be identified again, and
- By or on behalf of a public body which involves, for example, national security, defence or public safety.
- Exclusions related to journalistic, literary or artistic purposes.

### Personal employee information

Personal information covered by POPIA includes, for example:

- Details of the employee's

salary and bank account;

- An employee's personnel file;
- E-mails about an incident;
- Leave records; and
- Performance reviews.

### Special personal information

Special personal information may include information about an employee's physical or mental health obtained as part of pre-employment questionnaires or documented in the person's personnel file. It can also include results from drug tests, sick leave records and pre-employment screening records relating to criminal convictions. The employer may process such information where the data subject consents.

### Data subjects

In the employment context, data subjects includes applicants and former job applicants (regardless of whether they were successful or not), former and current employees, temporary employees, casual staff, secondees and persons on work placement.

### Types of records

POPIA applies to any personal information recorded by an employer. A record includes any writing on materials, labels, books, maps, plans, graphs, drawings, photographs, films, negatives, tapes or other devices where visual images are stored. It also includes personal employee information kept on a computerised system.

### Next steps

In addition to the general requirements, employers should also

- Revise employment contracts to provide for consent to process (and further process) personal information.
- Provide training to employees on compliance with POPIA.
- Revisit HR and communication policies to ensure compliance with POPIA.
- Put in place procedures for employees to gain access to their personal information.



## Personal Income Tax—2021 Filing Season

The 2021 Filing Season will be as follows:

- 1 July – More than three million taxpayers identified for auto-assessment will start receiving text messages indicating what they need to do to either accept or edit their auto-completed returns on eFiling by 23 November 2021.
- 1 July – 23 November: Non-provisional taxpayers who were not auto-assessed can file digitally using eFiling or the SARS MobiApp.
- 1 July – 23 November: Non-provisional taxpayers who were not auto-assessed and do not have access to digital services may be assisted at a branch by first making a booking.
- 1 July 2021 – 31 January 2022: Provisional taxpayers can file via eFiling or the SARS MobiApp, and Trust can file via eFiling
- She/he has no car allowance/company car/ travel allowance or other income (e.g. interest or rental income); and
- She/he is not claiming tax related deductions (e.g. additional medical expenses that are not reflected on the medical certificate, retirement annuity contributions other than pension contributions made by the person's employer, travel).

### Auto assessments

SARS will assess a significant number of individual non-provisional taxpayers in July based on data received from employers and other third-party data providers. The assessment result will be communicated via an SMS.

Upon receiving the SMS, a taxpayer has to check the information on the return using eFiling or the SARS MobiApp. If deemed correct, the assessment should be accepted. Should there be a need to edit any information on the pre-populated return, the edits can be done using eFiling or the SARS MobiApp.

Failure to either accept or edit an auto-assessment during the period 1 July to 23 November 2021 will result in SARS raising an estimated assessment. This is a final assessment of the information about a tax-

payer available to SARS.

Should the taxpayer not agree, the dispute process will have to be followed.

### Tax practitioners

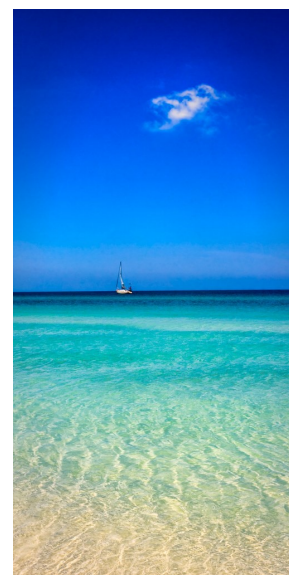
SARS noted that tax practitioners play an important role in compliance. While SARS respects the right of taxpayers to obtain professional tax advice, it also emphasised the need for integrity in the relationship between a tax professional and a taxpayer.

SARS expects tax practitioners to:

- Clearly outline the tax laws and the obligations to the taxpayer.
- Accurately and honestly assist taxpayers in the completion of their tax returns, and when appropriate, honestly and openly engage with SARS on behalf of taxpayers.

With Filing Season around the corner, SARS appealed to tax practitioners who complete and submit ITR12s on behalf of clients, to remind their clients that it remains the responsibility of a taxpayer to make an accurate declaration.

Taxpayers should note that they remain responsible for all payments, outstanding returns and penalties raised by SARS in their personal capacity.



**Trust, but  
verify.**

**Ronald Reagan**

### Who must submit an Income Tax Return (ITR12)?

An individual does not need to submit a return if ALL of the criteria below are met:

- Her/his total salary for the year before tax (gross income) was not more than R500 000
- She/he only received employment income for the full year of assessment (March 2020 to

### 2021 CPD SESSIONS

Date	Province	Time
17 July	Western Cape	08h30
21 August	Eastern Cape	08h30
18 September	Free State	08h30
16 October	Gauteng	08h30
20 November	Western Cape	08h30

**Dates of national  
virtual CPD  
sessions**





**Whoever is  
careless with  
the truth in  
small matters  
cannot be  
trusted with  
important  
matters.  
Albert Einstein**

## Tax on rental income

If an individual rents out a property (generally residential accommodation) and receives rental income, the amount received will be subject to income tax.

Residential accommodation includes:

- holiday homes
- bed-and-breakfast establishments
- guesthouses
- renting a section of your home, e.g. a room or a garden flat
- dwelling houses and
- other similar residential dwellings.

The rental income should be added to any other income of the person, but will also be reduced by certain permissible expenses incurred.

If any other amounts are paid for the rental of residential accommodation, in addition to the monthly rental, these amounts will also be subject to income tax. The additional amounts can include, for example, lease premiums which are usually paid in the form of a lump sum at the start of the lease, in which case the full amount is subject to tax in the year of assessment during which it accrues or is received.

### Permissible expenses

Permissible expenses that may be deducted from rental income include:

- rates and taxes
- bond interest
- advertisements
- agency fees of estate agents
- insurance (only homeowner's insurance and not insurance for household contents)
- garden services
- repairs in respect of the area let and
- security and property levies.

Should the eligible expenses exceed the rental income, the loss would be available for set-off against other income earned by the individual, provided that the loss is not "ring-fenced" in terms of prevailing anti-avoidance provisions.

Permissible expenses must be apportioned where less than 100% of the property is rented out. The area which is let must be divided by the total area of the dwelling which includes garages and outbuildings.

### Non-deductible expenses

Expenses that are capital in nature or that are not in the production of rental income will not be allowed. These can

include, for example, costs for improvements made to the property. Improvements should be distinguished from repairs and maintenance which are deductible.

Repairs and maintenance would usually take place when a person attempts to restore an asset to its original condition as a result of damage or deterioration. Improvements would usually result in the creation of a better asset.

While improvements are not allowed as a deduction against rental income, the value thereof can, however, be included in the base cost of the property, to effectively reduce the capital gain (or loss) on the eventual disposal of the property, for capital gains tax purposes.

### Rental deposit

The receipt or accrual of a rental deposit by a lessor need not be included in the lessor's gross income at the stage it is initially paid, if there is an obligation on the lessor to refund the deposit at a later stage. It will generally only become gross income in the lessor's hands when the deposit is eventually applied by the lessor. The treatment of a rental deposit should, however, be determined on the specific facts and circumstances of each case.

## Unemployment Insurance Fund

The Unemployment Insurance Fund (UIF) gives short-term relief to workers when they become unemployed or are unable to work because of maternity, adoption leave, or illness. It also provides relief to the dependants of a deceased contributor.

The amount of the contribution due by an employee, must be 1% of the remuneration paid by the employer to the employee.

The employer must pay a total contribution of 2% (1% contributed by the employee and 1% contributed by the employer) within the prescribed period. A contribution shall however not apply to the extent the remuneration paid or payable by an employer to an employee, as exceeds an amount determined by the UIF legislation. This amount was increased from R 14 872 per month (R 178 464 annually) to R 17 712 per month (R 212 544 annually) with effect from 1 June 2021.



## Deduction of home office expenses

An employee who works from home and has set aside a room to be occupied for the purpose of "trade", e.g. employment, may be allowed to deduct certain home office expenses for tax purposes calculated on a pro-rata basis if certain requirements are met.

### Requirements

According to section 23(b) of the Income Tax Act a tax deduction for home office expenses is only allowed:

- If the room is regularly and exclusively used for the purposes of the taxpayer's trade e.g. employment and is specifically equipped for that purpose. The home office must be set up solely for the purpose of working.
- If the employee's remuneration is only salary, the duties are mainly performed in this part of the home. It therefore means the taxpayer perform more than 50% of his/her duties in the home office.
- Where more than 50% of the taxpayer's remuneration consist of commission or variable payments based on work performance and more than 50% of those duties are performed outside of an office provided by the employer.

In light of the above, it is important to note that The employee must regularly and exclusively use the office for business purposes, i.e. it cannot be used for private purposes. If an employee does not have a separate study or office available in their home, home office expenditure will not be allowed as a deduction. Furthermore, employees who are not commission earners, but who spend the majority of their time on the road visiting clients, performing their duties

mainly at their clients' premises, do not qualify for a deduction/claim of home office.

### Home office expenses ?

Typically, home office expenditure includes:

- Rent of the premises;
- Cost of repairs to the premises;
- Phones and internet;
- Stationery;
- Rates and taxes;
- Cleaning;
- Office equipment; and
- Wear-and-tear.

### Calculation of deduction

The tax deduction is calculated for the area of the home used for trade e.g. employment purposes. Home office expenses are calculated on a pro-rated basis (square meters of area of home office versus total square meters of the home). That means the amount must be calculated on the following basis:  $A / B \times$  total costs, where:

- A = the area in m<sup>2</sup> of the area specifically equipped and used regularly and exclusively for trade e.g. employment
- B = the total area in m<sup>2</sup> of the residence (including any outbuildings and the area used for trade in the residence)
- Total costs = the costs incurred in the acquisition and upkeep of the property (excluding expenses of a capital nature).\*

\*Note that only expenses relating to the premises must be apportioned based on floor area (for example rent, interest on bond, rates and taxes, cleaning, etc.) Expenses that do not relate to the premises

(such as wear and tear on equipment and furniture) do not need to be apportioned based on floor area.

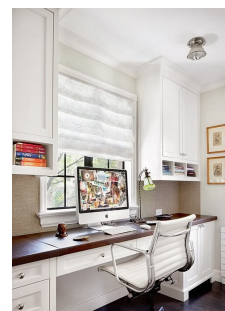
### CGT impact

The first R2 million of a capital gain or capital loss on the disposal of a primary residence must be disregarded for CGT) purposes.

If the proceeds in respect of the disposal of the primary residence are R2 million or less, any capital gain thereon must also be disregarded.

However, if a primary residence has been used by a taxpayer partially for purposes of carrying on a trade, such as in the case of a taxpayer that makes use of a home office, then the primary residence exclusion of R2 million must be apportioned for the non-residential use. Consequently, the R2 million-proceeds rule for disregarding any capital gain, does not apply to the part of the premises used for purposes of trade.

The apportionment will be based on the proportion of the floor area used for business and private use, and must be applied to the total capital gain to arrive at a private portion of the capital gain, and a business portion of the capital gain.



**Teamwork  
builds trust and  
trust builds  
speed.  
Russel Honore**





**Assistance**  
If further  
assistance is  
required, an e-  
mail can be sent  
to  
[Bus\\_Sys\\_CDSupport@sars.gov.za](mailto:Bus_Sys_CDSupport@sars.gov.za)  
a.

## Country-by-country reporting

Corporates and connected persons such as groups of companies, trusts, partnerships or natural persons and Multi-National Entities (MNEs) present some complex compliance risks.

To close the gaps and address the mismatches between the tax systems of multiple countries the Base Erosion and Profit Shifting (BEPS) Action Plan was adopted by the OECD and G20 countries, including South Africa, in 2013.

The OECD / G20 BEPS project provided the ambit for the development of Country-by-Country (CbC) reporting. CbC reporting requires MNE Groups to report on their operations in every country that they operate in. These reports will enable revenue authorities to assess transfer pricing risks and other BEPS related risks with respect to the MNE Groups operating in their countries.

### Who is required to report

The Ultimate Parent Entity (UPE), resident in South Africa, of an MNE Group with a total consolidated group revenue of R10 billion or more during the Fiscal Year immedi-

ately preceding the Reporting Fiscal Year, as reflected in its Consolidated Financial Statements for such preceding Fiscal Year, is required to file a CbC Report (CbC01), master file and local file

Any MNE Entity with potentially affected transactions for the year of assessment, without offsetting any potentially affected transactions against one another, that exceeds or is reasonably expected to exceed R100 million, is required to file a local file and may also be required to file a master file.

### Due date

A UPE or other MNE entity that must file a CbC Report, master file and local file must file no later than 12 months after the last day of the Reporting Fiscal Year of the MNE Group. An MNE entity that must only file a local file (and master file) must file no later than 12 months after its year of assessment.

Notifications in terms of Article 3 of the CbC regulations for filing the CbC reports must be provided to SARS no later than 12 months after the last day of the Reporting Fiscal Year of the MNE Group. The

Country-by-Country email notifications are no longer required, as this has been incorporated into the ITR14 return. Taxpayers must complete the required information in the ITR14 return for the CbC notification to SARS.

### How to submit a return

The CbC01 form is now available for electronic submission on the SARS eFiling platform using the CbC link. SARS does not support submissions for CbC using any mobile devices.

Each file should not exceed 5MB and combined files will be limited to 100MB per submission. All documents will be converted to PDF when they are transmitted.

### Exchange of information

The CbC Report will be saved on the SARS system for SARS use and transmission to other tax jurisdictions in terms of the Multilateral Competent Authority Agreement (MCAA) and bilateral Competent Authority Agreement. On request from other tax jurisdictions, components of the master file and local file will be exchanged with such tax jurisdictions under treaty.

SIGNATORIES OF THE MULTILATERAL COMPETENT AUTHORITY AGREEMENT  
ON THE EXCHANGE OF COUNTRY-BY-COUNTRY REPORTS (CbC MCAA) AND SIGNING DATES

Last updated 12 March 2021

1. Andorra	18-10-2018
2. Anguilla	11-04-2019
3. Argentina	30-06-2016
4. Aruba	12-03-2020
5. Australia	27-01-2016
6. Austria	27-01-2016
7. Azerbaijan	12-03-2021
8. The Bahamas	10-12-2018
9. Bahrain	22-12-2019
10. Belgium	27-01-2016
11. Belize	20-06-2017
12. Bermuda	15-04-2016
13. Brazil	21-10-2016
14. British Virgin Islands	08-07-2019
15. Bulgaria	17-11-2017
16. Canada	11-05-2016
17. Cayman Islands	21-06-2017
18. Chile	27-01-2016
19. China (People's Republic of)	12-05-2016
20. Colombia	21-06-2017
21. Costa Rica	27-01-2016
22. Croatia	06-07-2017
23. Curaçao	30-06-2016

24. Cyprus	01-11-2016
25. Czech Republic	27-01-2016
26. Denmark	27-01-2016
27. Estonia	27-01-2016
28. Finland	27-01-2016
29. France	27-01-2016
30. Gabon	26-01-2017
31. Georgia	30-06-2016
32. Germany	27-01-2016
33. Gibraltar	07-05-2020
34. Greece	27-01-2016
35. Guernsey	21-10-2016
36. Haiti	22-06-2017
37. Hong Kong, China	26-07-2018
38. Hungary	01-12-2016
39. Iceland	12-05-2016
40. India	12-05-2016
41. Indonesia	26-01-2017
42. Ireland	27-01-2016
43. Isle of Man	21-10-2016
44. Israel	12-05-2016
45. Italy	27-01-2016
46. Japan	27-01-2016
47. Jersey	21-10-2016

48. Kazakhstan	12-06-2018
49. Korea	30-06-2016
50. Latvia	21-10-2016
51. Liechtenstein	27-01-2016
52. Lithuania	25-10-2016
53. Luxembourg	27-01-2016
54. Macau, China	21-08-2020
55. Malaysia	27-01-2016
56. Malta	26-01-2017
57. Mauritius	26-01-2017
58. Mexico	27-01-2016
59. Monaco	02-11-2017
60. Morocco	25-06-2019
61. Netherlands	27-01-2016
62. New Zealand	12-05-2016
63. Nigeria	27-01-2016
64. Norway	27-01-2016
65. Oman	16-07-2020
66. Pakistan	21-06-2017
67. Panama	24-01-2019
68. Peru	09-11-2018
69. Poland	27-01-2016
70. Portugal	27-01-2016
71. Qatar	19-12-2017

72. Romania	19-12-2017
73. Russian Federation	26-01-2017
74. San Marino	10-10-2018
75. Saudi Arabia	06-08-2019
76. Senegal	04-02-2016
77. Seychelles	09-07-2019
78. Singapore	21-06-2017
79. Slovak Republic	27-01-2016
80. Slovenia	27-01-2016
81. South Africa	27-01-2016
82. Spain	27-01-2016
83. Sweden	27-01-2016
84. Switzerland	27-01-2016
85. Tunisia	26-11-2019
86. Turkey	30-12-2019
87. Turks and Caicos Islands	21-06-2017
88. United Arab Emirates	24-06-2018
89. United Kingdom	27-01-2016
90. Uruguay	30-06-2016



## SARS precautionary COVID-19 measures

SARS announced its precautionary measures resulting from the third wave the Covid-19 pandemic on 24 June 2021. In terms of the Disaster Management Act, SARS remains an essential service and SARS acknowledges the importance of balancing the continuity of this service with the risk of transmission.

With the rising case numbers and the onset of the third wave peak of the pandemic, SARS has decided to close its tax branches temporarily for physical visits from Thursday 01 July 2021. SARS is able to do so because the SARS digital platforms allows taxpayers to continue to fulfil their obligations online. This will only be a temporary measure which will not affect the start of the Filing Season for individuals who traditionally file via eFiling or the SARS MobiApp. These taxpayers are encouraged to continue doing so digitally, starting from 1 July 2021.

Branch filing will not commence on 01 July 2021. At this stage, SARS plans to commence physical branch visits on 16 August 2021, but it will be review continuously. Taxpayers are advised not to come to a SARS branch. The branches will be closed until an announcement is made confirming the reopening date.

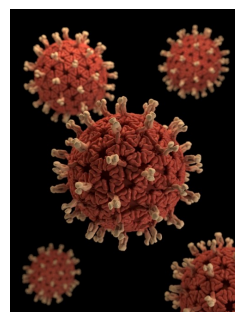
During the branch closures, taxpayers who require assistance to file online will be assisted telephonically with the support of dedicated SARS staff. All Customs Ports of Entry will be open for frontline customs operations, but not for face-to-face client engagement other than for clearance and inspection purposes.

SARS confirmed its commitment to use technology to ensure continued service to taxpayers in a manner that ensures both the safety of its employees as well as taxpayers.

SARS also noted that:

- Bookings for virtual appointments may be made via the SARS website at <https://www.sars.gov.za/contact-us/make-an-appointment/>; and sending an SMS to 47277 with the word "Booking" and passport/ID No/Asylum permit No. and a SARS agent will contact you to arrange a booking on your behalf.
- Taxpayers can also use the digital platforms by visiting [www.sars.gov.za](http://www.sars.gov.za)
- The SARS Contact Centre (0800 00 7277) will continue to service any queries from members of the public.

SARS will continue to monitor the evolving COVID-19 pandemic and keep all South African taxpayers informed of any changes to these arrangements.



***Brands are all  
about trust.  
That trust is  
build in drops  
and lost in  
buckets.  
Kevin Plank***

## Uploading documents for a meeting with SARS

Taxpayers and practitioners are required to upload all relevant supporting documentation prior to the date of a virtual meeting with SARS. The steps to submit supporting documents on the SARS website are as follows:

1. Go to the SARS website ([www.sars.gov.za](http://www.sars.gov.za)).
2. Select 'Online Service'.
3. Double click the icon 'Submit supporting docs' under tools available.
4. Select 'Supporting document upload' as a query type and complete the required information.
5. Select 'Documents' then 'Add documents' and follow tips on upload.
6. Click the 'Select' button then choose file to upload.
7. Click 'Submit' to submit to SARS.
8. SARS will send an email indicating the status of the documents received.

Note that a taxpayer will receive an email requesting him/her to resubmit the documents if:

- The case number and tax number not match SARS' records,
- SARS does not receive the supporting documents due to a technical error.







**The future of remote work**  
**"The key thing is not about understanding technology itself, it is about understanding humanity. Humanity matters more than ever before. The Human Machine is the greatest gift we have been given - it is a super power!"**

## Future of Work: Sustainability of the Future Ready Accountant

Dear IAC Members

I trust you are all well, and taking care of yourselves and the livelihood of your families. I will be speaking to the Students of UNISA in July 2021, and thought I would share the main thoughts that I would expand on regarding the Future Ready Accountants and Businesses.

### The acceleration of the future of work

As businesses adjust to both the disruption of the pandemic and the Fourth Industrial Revolution, most occupations are undergoing a fundamental transformation. Several megatrends are shaping the future of work including mobility, globalization, demographic changes, and advancing technologies. Some jobs are threatened by redundancy while others are thriving, but central to most is the shift in the skill sets required to do the job.

The Covid-19 pandemic's acceleration of work trends that would have only be felt a few years from now means that both employees and employers find themselves disrupted by more remote work, more virtual meetings and a greater adoption of automation. Despite this disruption, the pandemic has given people a greater appreciation for the fact that humans and technology are much more powerful together.

### Upskilling and reskilling are key for a new world

More than ever before, it is now important for people to expand their capabilities and employability so they can fully participate in a rapidly changing economy. The current technological revolution will not patiently wait while the next generation's workforce becomes better prepared.

It is therefore critical that businesses take an active role in supporting their current workforces through re-training. More importantly, employees themselves need to take a proactive approach to their own lifelong learning. Business and industry collaboration within industries needs to happen at a greater scale so that we can create larger pools of skilled talent. The workforce of the future will be required to rapidly learn and relearn new skills. Central to this upskilling and reskilling, is the potential to spur economic growth and give people the tools they need to reach their potential. The skills needed to survive the future of work

Flash forward to 2042. Your 4-year-old is 25 and needs a job. While all children need a thorough grounding in STEM (Science, Technology, Engineering, Mathematics), in addition to writing and reading, employers in all occupations prefer employees who know how to problem-solve, think creatively, work collaboratively, and communicate well. It is about how we teach children and, not what we teach. They need to learn deeper lessons by doing project-based work so that they don't forget the facts after the test is over.

### How to build a sustainable future

Research suggests that South Africa has the potential to create up to 4.5 million new jobs across many sectors due to productivity improvements, policy implementation and the evolution of technology. To realise this goal, we will need to adopt a collective responsibility, embrace the opportunities offered by technology and focus on upskilling and reskilling.



Individuals must:	Businesses must:	Government must:
Engage in lifelong learning so that they can adapt to changes when they happen	Reconsider their recruitment processes.	Mitigate the impact of automation on jobs by preparing and minimizing disruption and unemployment for as many people as possible.
Begin up-skilling and re-skilling.	Upgrade workforce planning	Invest in human capital specific
Pursue a diverse set of skills.	Embrace new ways of working.	Embrace digitization
Build their creative capacity.	Create an atmosphere of motivation towards creativity	Foster a step-up in job creation

## Criteria for obtaining the professional Designation of BRP

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 (BRP), provided that the person has a qualification in Law, Accounting or Business Management. It is important that the BRP must also have practical experience of running a business.

The Act does not prescribe the minimum number of years of experience required but IAC has proposed that an applicant should have at least 5 years practical experience as a Practising Accountant / Commercial Lawyer or a Business Manager.

### What is a Business Rescue Practitioner?

A BRP assists companies who are technically insolvent from trading out of the state insolvency back to solvency. Some of the duties of a BRP are:

- To liaise with creditors of the company.
- To negotiate a compromise agreement with their outstanding creditors in order that the company may continue to trade.
- To negotiate with current creditors, including Banks, to continue to supply the company with goods and services at a full rate in order for the company to trade.
- To ensure the prompt settlement of all outstanding debts by the companies debtors.
- To negotiate with all staff members (and trade unions) on their condition of employment, and their continued employment.
- To fully determine what caused the company to enter into business rescue and how the business rescue is initiated.
- To manage the company during business rescue operations and assist the company to trade out of its difficulties.

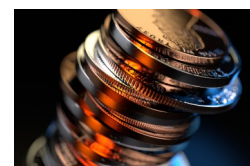
### Process / Steps involved in attaining the designation of a BRP

Eligible persons wishing to register as a BRP with the IAC should do the following steps:

- Submit an application form to IAC
- Meet all requirements per the application form
- Complete the assessment—CIPC, Insolvency & Liquidation, Principles of Management & some questioning on Tax, Accounting & Company Law – 4 hours
- Apply for letter of good standing – Attach CV for Experience – Approval by CEO.
- Receive letter of good standing from IAC
- Licence to be a BRP with CIPC – Junior / Experience / Senior
- Inform CIPC when you get as assignment of a Company in Distress
- The Board of the Company can resolve to seek Business Rescue voluntarily (COR 123.1)
- Company notifies affected persons to appoint a BRP after filing a COR 123.1 within 5 business days.
- BRP convenes first meeting with affected persons within 10 business days.
- BRP does the Business Rescue Plan comprising of – Background / Proposals / Assumptions & Conditions)
- BRP takes control of the Company – but cannot remove pre-existing Management / staff.



*The single most  
important  
ingredient in a  
recipe for  
success is  
transparency  
because  
transparency  
builds trust.  
Denise  
Morrison*





## Process / Steps involved in attaining the designation of a BRP

- Business rescue ends if there is no reasonable ground for rehabilitation – Company is declared Insolvent.
- BRP then files for liquidation with the Master of the High Court, and notifies CIPC.
- That is where business rescue ends and the liquidation process starts.

## Insolvency and Liquidation

Section 140(4) of the Act provides that business rescue proceedings are terminated by a court placing the distressed company into liquidation. Any person who acted as a BRP during the business rescue may not be appointed as a liquidator.

The assets of the company initially vests with the Master of the High Court who appoints a liquidator, and after that the assets vests in the hands of the liquidator. The Master of the High Court holds the first meeting with creditors in the case of a company and the liquidator hold the first meeting with creditors in the case of a CC.

The liquidator is there to protect the interests of the creditors. The liquidator will hold the second meeting with creditors to seek instructions. Assets are valued, sold upon authorization of creditors or the Master of the High Court. Creditors are first entitled to the funds from the sale and then other affected persons.

The Funds are reconciled by the liquidator which is called a "Liquidation and Distribution Account" which must be handed to the Master of the High Court including all proof of the receipts and distribution of the funds.

*Trust is the  
conduit for  
influence; it is  
the medium  
through which  
ideas travel.  
Amy Cuddy*



**Professional Accounting Institute**  
Recognised Controlling Body for Accounting Officers,  
Tax and Business Rescue Practitioners.

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252 Rosmead Avenue, Wynberg, 7780  
**PO Box**  
36477, Glosderry, 7702

## Congratulations to our new student members



Students on Learnership		
Membership Number	Surname	Name
8547475	Moepi	Refilwe Valerie
Students		
Membership Number	Surname	Name
9774314	Du Toit	Sunet
8723755	Nkambule	Unathi
4453701	Tshuma	Nothando

## Congratulations to our new and upgraded\* members

Certified Business Rescue Practitioner		
Membership Number	Surname	Name
4917849(CBRP)	Middlemiss	Claire Lindsay
Independent Accounting Professional (Reviewer) / Tax Practitioner		
Membership Number	Surname	Name
8201759(IAP)(CTP)	Oaker	Eric
Financial Accountant in Practice /Certified Tax Practitioner		
Membership Number	Surname	Name
655719(FAP/CTP)*	Fourie	Karen
7980314(FAP)(CTP)	van Staden	Gareth Michael
Technical Accountants/Certified Tax Practitioner		
Membership Number	Surname	Name
1072206(TA)(CTP)	Choshane	Chalabe Anthony
926537(TA/CTP)	Crozier	Chevonne Genevieve
4061753(TA)(CTP)	Dlangamandla	Siyabonga Sebenele Excellent
4384496(TA/CTP)	Fourie	Rene
3064854(TA)(CTP)	Gwebityala	Esethu
7065622(TA)(CTP)	Kouter	Meagen Celeste
2676488(TA)(CTP)	Mkhize	Khaba
9995026(TA)(CTP)	Munzhelele	Mphephu
651751(TA)(CTP)	Muusha	Nomcebo Zothile
691436(TA)(CTP)	Pieterse	Janine Crystal
7409001(TA)(CTP)	Reddy	Samareshni
6920262(TA/CTP)	Tremble	Joshua Trent
Certified Tax Practitioner		
Membership Number	Surname	Name
5475178(CTP)	Danster	Francoline Verencia
6604909(CTP)	Makgae	Tshiamo Chantelle
6235354(CTP)	Manyika Dube	Emmanuel
6114608(CTP)	Marais	Charl
4412363(CTP)	Masemola	Albert Nkodi
24546(CTP)	Mashele	Hlayisani Shane
2752622(CTP)	Ruiters	Prudence Suzette
620358(CTP)	Russon	Anthony Dion
7299301(CTP)	Shahabuddin	Tarique
6550224(CTP)*	Suliman	Ebrahim
Technical Accountant		
Membership Number	Surname	Name
2925279(TA)	Molebale	Isaac Sakie
3502316(TA)	Pinn	Keith Anthony
6768768(TA)	Thomas	Jermy
758304(TA)	Tlou	Donwell

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#### Finance

Valencia Williams  
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#### 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](http://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.



So  
Sorry  
for  
Your  
Loss

## Death Announcements

We learned with regret of the deaths of the following valued members:

- **Mrs. Portia Mhaga**—She passed away in December 2020.
- **Mr. Ability Hamandise**—He passed away in March 2021
- **Mr. Mohamed Aneez Tayob**—He served as a Director on the Board until his illness and passed away in March 2021.

We at the IAC would like to express our sincere condolences to the Mhaga, Hamndise and Tayob families. Please keep these families in your thoughts and prayers.