SMME - Newly registered SMMEs and Tax Obligation

South African Revenue Service

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SARS Vision
To build a smart, modern SARS with unquestionable integrity, Trusted and admired by Government, The public, and our international peers.

Purpose:

- This presentation provides information in a clear and accessible format.
- It has no binding legal effect.
- The relevant legislation must be consulted where interpretation is required.

Points Of Discussion

- Introduction
- Types of Business
- Income Tax and Provisional Tax
- Registered Representative
- Updating Personal Details
- PAYE and VAT
- SMME and TCS
- Tax Incentives
- Channels Of Engagement

Introduction

- SMMEs are vital to the South African economy, contributing significantly to employment, economic growth, and social stability.
- SARS plays a crucial role in supporting these enterprises through simplified tax regimes and various initiatives designed to reduce administrative burdens and encourage compliance.
- By addressing the challenges faced by SMMEs and providing ongoing support, South Africa can ensure the sustained growth and success of these essential businesses.

Types of Business

Ownership and Tax Implications

Types of Business	Ownership and Tax Implications
Sole Trader	• Taxed according to the prescribed tax rates. • **18% - 45%** being see Tax tables.
A partnership	• Taxed based on the agreed share of the profits. • As per the partnership contract. Tax tables.
A trust	• Income of a trust is subject to taxation at a flat rate of **45%**.
Company	• Taxed at a standard rate of **27%**, unless the company or companies are registered as a small business corporation the split rate applies.

Income Tax Registration

All business Entities must register for Income Tax

- Companies registered with **Companies Intellectual Property Commission** (CIPC) are automatically registered for Companies Income Tax(CIT).
- Sole traders and Partners must register for Personal Income Tax on SARS eFiling.
- Trusts register and the Master of High court and on SARS eFiling.
- After registration, you must comply with SARS and CIPC regulations.

Income Tax

DECLARATION/FILING

Companies Income Tax Return (ITR14)

Due twelve months after company's financial year end.

Individual Income tax (ITR12)

Due dates is announced by the Commissioner

Failure to submit will attract Admin Penalties

IRP6 (Provisional Tax Returns)

- 1st Return & Payment: Within six months from the beginning of the year of assessment.
- 2nd Return & Payment: On or before the last day of the year of assessment.
- Final payment: Six / Seven months after year of assessment depending on companies' financial year end.

PAYMENT

Assessed Account
Due 30 days after assessment has been issued

Provisional Tax

- 1st Payment: Within six months from the beginning of the year of assessment.
- 2nd Payment: On or before the last day of the year of assessment.
- Final payment: Six / Seven months after year of assessment depending on companies' financial year end

DEREGISTRATION

Companies

Can only be initiated after the company or close corporation has been deregistered by the (CIPC).

Submit CIPC deregistration certificate to SARS via email (Contactus@sars.gov.za)/ Tax Practitioners (pcc@sars.gov.za) or SARS Branch by appointment.
Remember: There must be no outstanding returns or debt

Individuals:

A letter to SARS (Immigration/Non-resident/no income and assets

What is provisional Tax?

Provisional tax is not a separate tax from Income Tax.

It is a method of paying tax due, to ensure the taxpayer does not pay large amounts on assessment, as the tax liability is spread over the relevant year of assessment.

It requires the taxpayers to pay at least two amounts in advance, during the year of assessment, which are based on estimated taxable income.

A third payment is optional after the end of the tax year, but before the issuing of the assessment Final liability, however, is worked out upon assessment and the payments will be off-set against the liability for normal tax for the applicable year of assessment.

Penalties will be levied for under declaration and late payments of Provisional Tax.

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Registering A Registered Representative (RR)

By completing our SARS Online Query System on the SARS website.

The Taxpayer needs to book an appointment with SARS via:

- E-Booking system to register as a Registered Representative.
- eFiling.

To transact on SARS eFiling you must first appoint a RR

Documents to be submitted when appointing a Registered Representative.
https://www.sars.gov.za/client-segments/registered-representatives/

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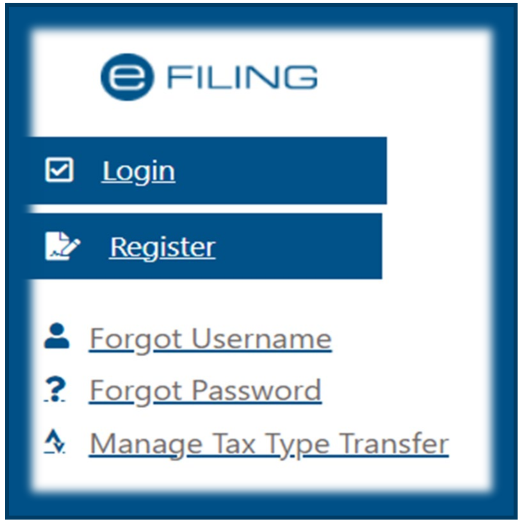
Updating Personal Details

- It is crucial that you keep your personal details such as bank-account, physical address, email address, and cell phone number updated with SARS.
- Accurate contact information ensures that you receive all necessary correspondence and updates regarding your tax status.
- To update your personal information on SARS eFiling, follow these steps:



1. Log in to your sarsefiling.co.za profile on the SARS website.
2. Navigate to the 'SARS Registered Details' section.
3. Select 'Maintain SARS Registered Details'.
4. Choose the type of detail you wish to update, such as address, contact numbers, or email address.
5. Enter the new information and submit the changes.

Pay-As-You-Earn(PAYE)

Only register for PAYE if there is tax to be deducted

REGISTRATION	PAYMENT
• Within 21 business days of becoming an Employer. • RAV01 on eFiling.	• Payment due on 7^{th} of every month with EMP201 declaration.

DECLARATION	DEREGISTRATION
• EMP201 return due on the 7^{th} of every month. **Note:** • Bi-annual reconciliation (08) due end of October. • Final reconciliation (02) due end of May.	• eFiling. • SARS Branch office (appointment only). • contactus@sars.gov.za. • pcc@sars.gov.za (only tax practitioners).

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Value Added Tax (VAT)

REGISTRATION

Two Categories
- **Voluntary** registration (**R 120 000** taxable supplies).
- **Compulsory** registration (**R 2.3 million** taxable supplies).

DECLARATION

- On or before the **25th** of the month.
- eFiling declarations on or before the last business day of the month.

PAYMENT

- On or before the **25th** of the month.
- eFiling declarations on or before the last business day of the month.

DEREGISTRATION

- Vendors who have ceased trading.
- Who wish to apply for deregistration (i.e. voluntary registrations).

SMME's Tax Obligations

- Provide accurate information and documents on time.
- Submit returns on time to avoid administrate penalties.
- Pay your taxes on time and adhere to payment arrangements agreements .
- Keep sufficient records for the required retention period.
- Understand and appreciate the risk of non-compliance or evasion.

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Tax Incentives

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Turnover Tax

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Turnover Tax

- ❖ Turnover tax (TT) is a single tax system which taxes turnover and not profit.
- ❖ TT is optional to businesses with a qualifying turnover of R2.3 million or less per annum.
- ❖ Complete a TT01 application form(if you qualify);
- ❖ Submit it through the following channels:
  - ✓ SARS Online Query System: https://tools.sars.gov.za/sarsonlinequery/turnovertax
  - ✓ pcc@sars.gov.za (for Tax practitioners)
  - ✓ contactus@sars.gov.za (for all other taxpayers)

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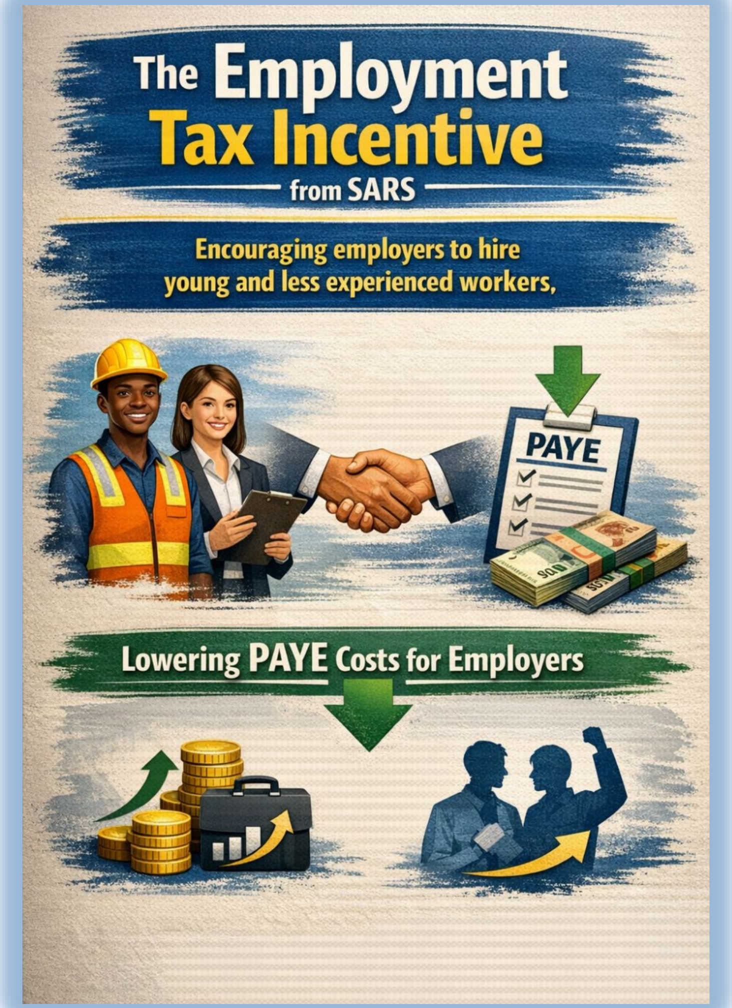
Small Business Corporation (SBC) and Employment Tax Incentive (ETI)

SBC is not another type of business entity but an incentive for qualifying small business with a turnover of less than 20 million.

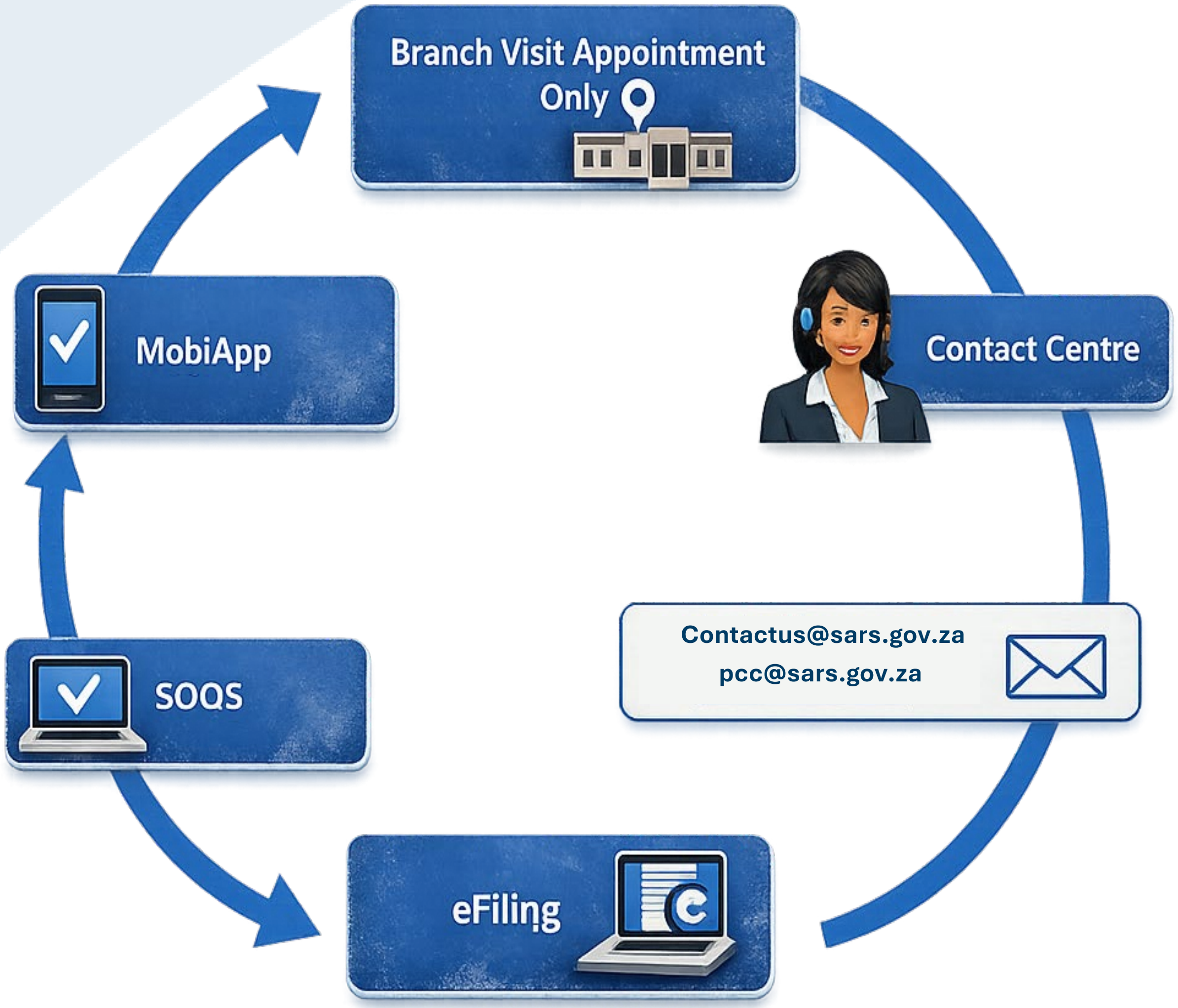
Benefits

- Immediate write off of all plant machinery used in the process of manufacture.
- An accelerated write-off allowance for depreciable assets (other than manufacturing assets).
- Lower tax rates from 0% to 27%.

The Employment Tax Incentive from SARS is a program that encourages employers to hire young and less experienced workers by reducing the amount of Pay-As-You-Earn (PAYE) tax they need to pay.



Channels Of Engagement



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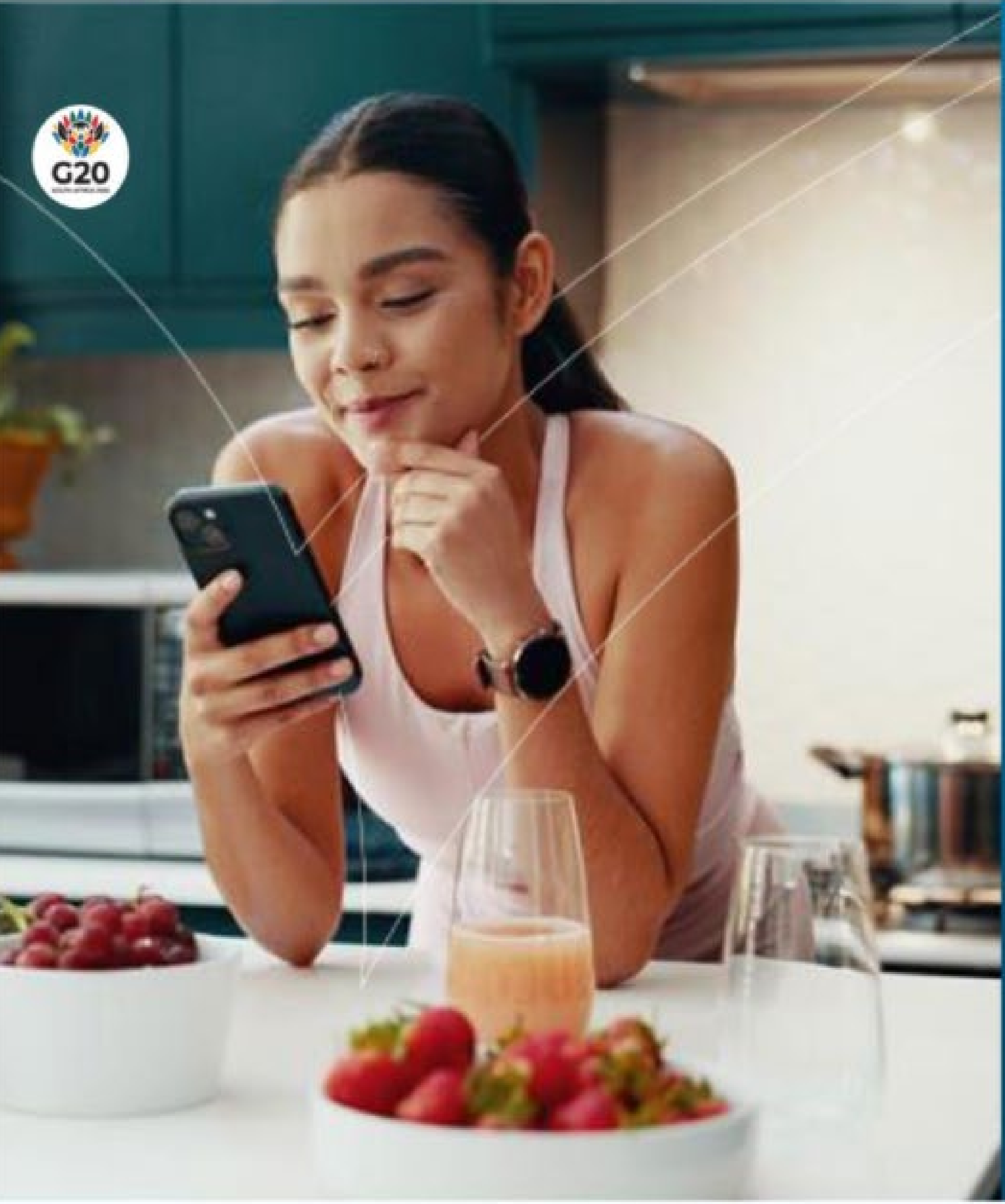
Record Keeping

- All taxpayers, including individuals, businesses, and traders are required to maintain a variety of records that fall into several broad categories, including financial, transactional, and operational documents.
- Records must be retained for at least five years from the date of submission of a tax return/declaration.
- In cases of an audit or investigation, records must be preserved until the matter is resolved, even if it exceeds the five-year period.



Manage tax matters on the go with SARS digital channels

Use these digital channels:

- *# USSD *134*7277#
- SMS Service 47277
- WhatsApp 0800 11 7277 Send "Hi or Hello"
- SARS Online Query System (SOQS) at www.sars.gov.za
- SARS MobiApp
- AI Assistant on www.sars.gov.za

Say goodbye to queues. Go to sars.gov.za

MAKE TAX MATTERS YOUR PRIORITY #1 Tax matters, so does your time.

SARS
At Your Service

Thank you

Siyabulela

Siyabonga

Siyathokoza

Dankie

Re a leboga

Re a leboha

Ro livhuwa

Ha khensa