



SMME Corporate Income Tax & Provisional Tax

SARS Vision

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



**MODERNIZE
SYSTEMS**



EASY & SIMPLE



CLARITY & CERTAINTY



HARD TO NOT COMPLY

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.

Acronyms

Term	Definition
CIT	Corporate Income Tax
SBC	Small Business Corporation
SMME	Small Medium Micro Enterprise
IRP6	Provisional Tax Return
ITR14	Company Income Tax Return
PAYE	Pay As You Earn
RAV01	The RAV01 is an online form that is used to perform the legal entity information changes on the e-Filing platform.

PROVISIONAL TAX TAX

ESTIMATED
TAX PAYMENTS

TAX DEADLINES

TAX ESTIMATE

PROVISIONAL TAX FORM

Estimated Income:

Tax Payments:

Est. Tax Dates:

Due Dates:

2024

TAX
DUE

Definition of Provisional Tax

Provisional Tax is not an extra tax. It is a way of paying income tax in advance during the tax year.



Pay tax in installments based on estimated income



Two Provisional Payments per tax year



Optional Third "Top-Up" Payment



Submit via SARS eFiling



Avoid a big tax bill at year-end!

Provisional Tax



Who is a Provisional Taxpayer?

- Anyone who earns income other than a salary

Tax Payments

- Two Provisional Payments During the Year
- Optional Third Payment After Year-End



Estimate Your Income

- Calculate Expected Taxable Income
- Submit Estimates to SARS

Penalties & Audits

- Penalties for Underestimation
- Subject to SARS Review or Audit



Note: Companies automatically fall into the provisional system. No separate registration process required.

Who is not a Provisional Taxpayer?

An approved public benefit organisations or recreational clubs that have been approved by the Commissioner in terms of s30 or s30A;

Body corporates, share block companies or certain associations of persons;

Non-resident owners or charterers(rentals) of ships or aircraft;

Small business funding entity or deceased estate

Who is not a Provisional Taxpayer?

Any natural person who does not derive income from the carrying on of any business.

If that person's taxable income for that year of assessment:

- Does not exceed the annual tax threshold

Age	Tax Threshold
Below 65 Years	R99 000
Age 65 to 74	R153 250
Age 75 & above	R171 300

or

- which is derived from interest, dividends, foreign dividends, rental from the letting of fixed property, and any remuneration from an employer that is not registered for employees' tax purposes under paragraph 15, will be R30 000 or less.

Basic Amount

- The basic amount is the taxpayer's taxable income from the previous year, excluding taxable capital gains.
- This amount increases by 8% if estimated for over 18 months after the last assessment year.
- The "year last assessed" on the IRP6 return refers to the assessment before the estimate year, with a SARS notice issued at least 14 days prior to the estimate due date.



Basic Amount

Example

Lesego Construction (Pty) Ltd has a June year-end. At the time it had to submit its provisional tax return for its 2026 year of assessment, the taxable income for its 2024 year of assessment, which was its latest preceding year of assessment at the time, was R1 200 000.

It has received its taxable income for its 2024 year of assessment includes R300 000 taxable gain.

Calculate the amount of Lesego Construction (Pty) Ltd first provisional tax payment for 2026 if this payment was based on its basic amount.

Basic Amount

Solution

First provisional tax payment (due 31 December 2026)

Basic amount

Taxable income for the latest preceding year of assessment

R1 200 000

Less: taxable capital gain included in the taxable income

(300 000)

Basic amount

R 900 000

Normal tax on basic amount ($R900\,000 \times 27\%$)

R243 000

First Provisional tax payment

($1/2$ of the normal tax payable on basic amount ($R243\,000 \times 1/2$))

R121 500

Example of a Provisional Return (IRP6) on eFiling

Taxpayer Estimate		
Gross Income (sales/turnover plus other income) *		
R	20000.00 ✓	
Tax for this period (6 months)		
R	60000.00 🔒	
Add- Penalty on late payment		
R	0.00 ✓	
Estimated taxable income *		
R	90000.00 ✓	
Less- Employees tax for this period (6 months)		
R	0.00 ✓	
Add- Interest on late payment		
R	0.00 ✓	
Tax on estimated taxable income *		
R	120000.00 ✓	
Less- Foreign Tax credits for this period (6 months)		
R	0.00 ✓	
Total Amount payable		
R	60000.00 🔒	
Less Rebates - Primary, secondary and tertiary		
R		
Medical scheme fees tax credit		
R		
Additional medical expenses tax credits		
R		
Tax for the full year		
R	120000.00 🔒	

Due Dates

Example: Company Financial year end in February

First Period:	Second Period:	Third Period (voluntary):
- Half of the total estimated tax for the full year	- Total estimated tax for the full year	- Total estimated tax for the full year
- Less employees tax for this period. (6 months)	- Less the employees tax paid for the full year	- Less the employees tax paid for the full year
- Less any allowable foreign tax credits for this period. (6 months)	- Less any allowable foreign tax credits for the full year	- Less any allowable foreign tax credits for the full year
	- Less the amount paid for the first provisional period	- Less the amount paid for the 1 st and 2nd provisional periods

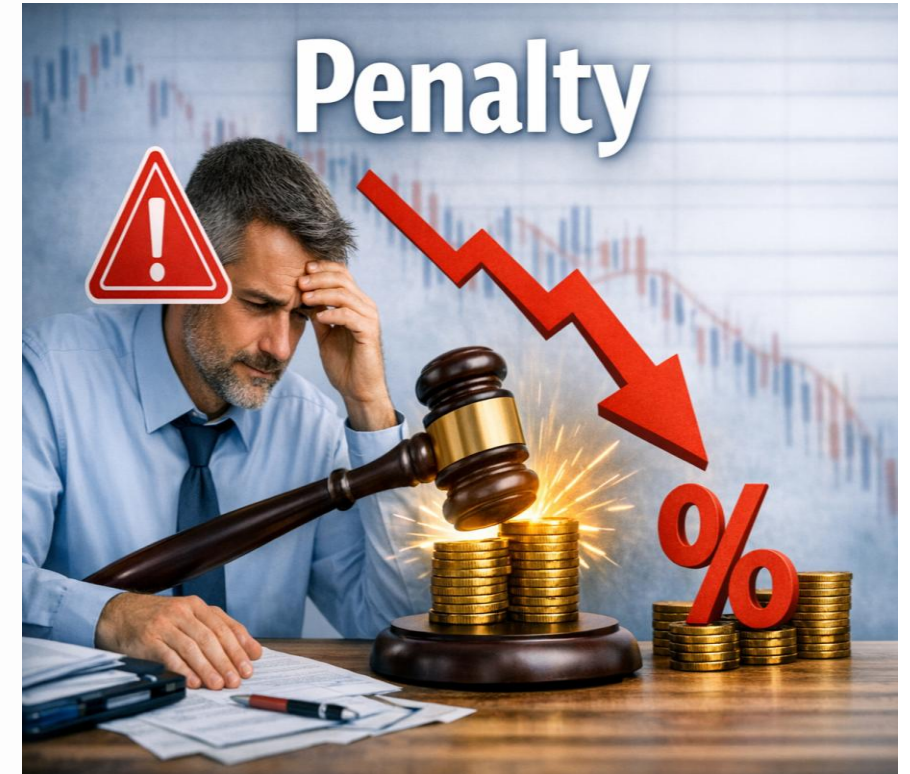
Due Date	Due Date	Due date
On or before 31 August	Last business day of February	Last business day of September

Penalty for underpayment of provisional tax as results of underestimation

- A penalty might be charged if the taxable income reported in the second provisional tax return is underestimated and no additional payment is made.
- The penalty varies depending on whether the income is above or below R1 million.

For income above R1 million

- A penalty applies if the taxable income declared is less than 80% of the actual income.
- The penalty is 20% of the difference between the tax calculated on 80% of the actual income (after rebates) and the total employees' tax plus provisional tax paid by the end of the year.



Corporate Income Tax (CIT)



Companies and Taxes



CIT Registration Requirements

- CIPC registered companies are not required to perform a separate SARS Income tax registration, as your company will automatically be registered by CIPC.
- Business owners / Directors / Members need to register with SARS for Personal Income Tax via e-Filing/ MobiApp.
- **Note: A taxpayer must register on e-Filing to transact electronically.**



Income Tax

- Business expenses for Income Tax purpose are deductible according the general the deduction formula.
- Expenses for business assets that are expected to last more than a year must be capitalized and depreciated over their useful lives.

Allowable Deduction

- Expenditure and losses
- Actually Incurred
- In the production of income
- Not of a capital nature
- Must be incurred for the purpose of trade

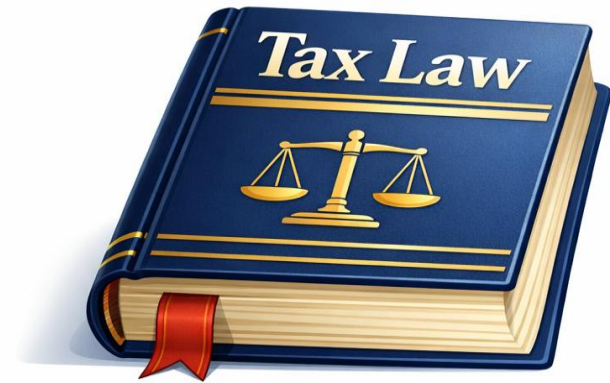


Income Tax

- All Businesses are required to pay taxes on taxable income.
- This includes service / sales in exchange for credit on an account.
- Service / sales that is done in exchange for goods or services in a barter transaction is also included.

Gross Income in terms section1

Total amount received
In cash or otherwise
During the year of assessment



GROSS INCOME in terms section1

Statement of Comprehensive Income

Statement of Comprehensive Income (previously known as an Income Statement) is a summary of what income your business has earned, and what expenditure you have made, in the period you want to review. It shows you how much **profit or loss** the business has made.

Where the **Balance Sheet** shows the solvency of your business (are your assets more than your liabilities), and the **Cash Flow Statement** shows the liquidity of your business (do you have enough cash to pay the bills and salaries)

These financials are important and will be used for declaring or submitting your Income Tax return (ITR14).

Corporate Income Tax Return (ITR14)

Declaration for IT include the following returns:

- ITR14 for Companies completed and submitted via e-Filing
- **NB:** Due yearly on or before:28/02 for businesses with Financial Year End (FYE) in February (02) or within12 months after the end of the financial year.

Example: 2025 ITR14 (1/03/2026 - 28/02/2027) is due on or before

- 28/02/2025 for businesses with a **February Financial Year End (FYE)**

Note: Declaration is mandatory even if the company is dormant or made a loss in a tax year or you will be penalized for late or non submission.

Income Tax

NO tax is paid if business makes a loss

Business losses are accumulated until a taxable profit is reflected

Tax only paid when a profit is made (known as ring fencing)

	Year 1	Year 2	Year 3	Year 4	Taxable Income	Balance
Loss	(R 30 000)				R 0	(R30 000)
Loss		(R 18 000)			R 0	(R 48 000)
Profit			R 45 000		R 0	(R 3 000)
Profit				R 53 000	R 50 000	R 0

Small Business Corporation (SBC)



SBC Requirements



SBC Tax Rates

Years of assessment ending any date between 1 April 2026 and 31 March 2027

Taxable Income (R)	Rate of Tax (R)
1 – 99 000	0% of taxable income
99 001 – 365 000	7% of taxable income above 99 000
365 001 – 550 000	18 620 + 21% of taxable income above 365 000
550 001 and above	57 470 + 27% of the amount above 550 000

SBC 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)



Income Tax Comparison

Total Income: Sales = R600 000 – (Expenses = R180 000): **Taxable Income = R420 000**

	Tax calculation: Personal Income Tax R	Tax calculation : Company R	Tax calculation: Small Business R	Turnover Tax R	Tax Amount Payable R
Sole Proprietor (Below 65)	$420\,000 - 383\,100$ $36\,900 \times 31\% = 11\,439$ $11\,439 + 79\,998 = 91\,437$ $91\,437 - 17\,820 = 73\,617$				73 617
Company		$420\,000 \times 27\%$			113 400
Company SBC			$420\,000 - 365\,000 = 55\,000$ $55\,000 \times 21\% = 11\,550$ $11\,550 + 18\,620 = 30\,170$		30 170
Turnover Tax				Turnover (Sales) = 600 000	0

SMME's Tax Obligations

Be co-operative, honest and truthful in your dealings with SARS.

Provide accurate information and documents on time.

Submit returns on time to avoid administrative penalties.

Pay your taxes on time and adhere to payment arrangements agreements .

Keep records for the required retention period

Understand and appreciate the risk of non-compliance and Tax evasion

SMME's Tax Obligations

- Before submitting the Company Income Tax Return (ITR14), ensure all legal entity information is correct.
- Any outdated details need to be updated on the RAV01 form prior to the Company Representative or Public Officer proceeding with the submission of the Company's Tax Return (ITR14).
- If there are changes to the company's Public Officer, banking information, or contact/address details, the company's legal entity data must be updated through the RAV01.
- The RAV01 is an online form used to update legal entity information on the e-Filing platform.

Note: Please refer to the RAV01 guide for instructions, available at www.sars.gov.za

SMME's selected for Audit

- Any taxpayer can be selected by SARS for an audit for the purpose of proper administration of tax, including on a risk basis.
- SARS can request additional relevant material (Supporting documents) throughout the audit.
- If you do not respond by submitting the relevant material when requested, SARS will raise a revised assessment based on information readily available or obtained from a third party.
- Should you require any further assistance, contact the specific auditor (SARS official) mentioned in the Notification of audit letter.

Note: Respond to all queries straight away. Taxpayers who are obstructive could face higher penalties should it be found that an understatement occurred.

SMME's selected for Audit



Selected for Audit based on risk factors.



Provide all supporting documents requested.



Receive revised assessments if needed.



Communicate promptly with the auditor.



Failure to respond may lead to penalties or further actions.

Record Keeping



Record Keeping

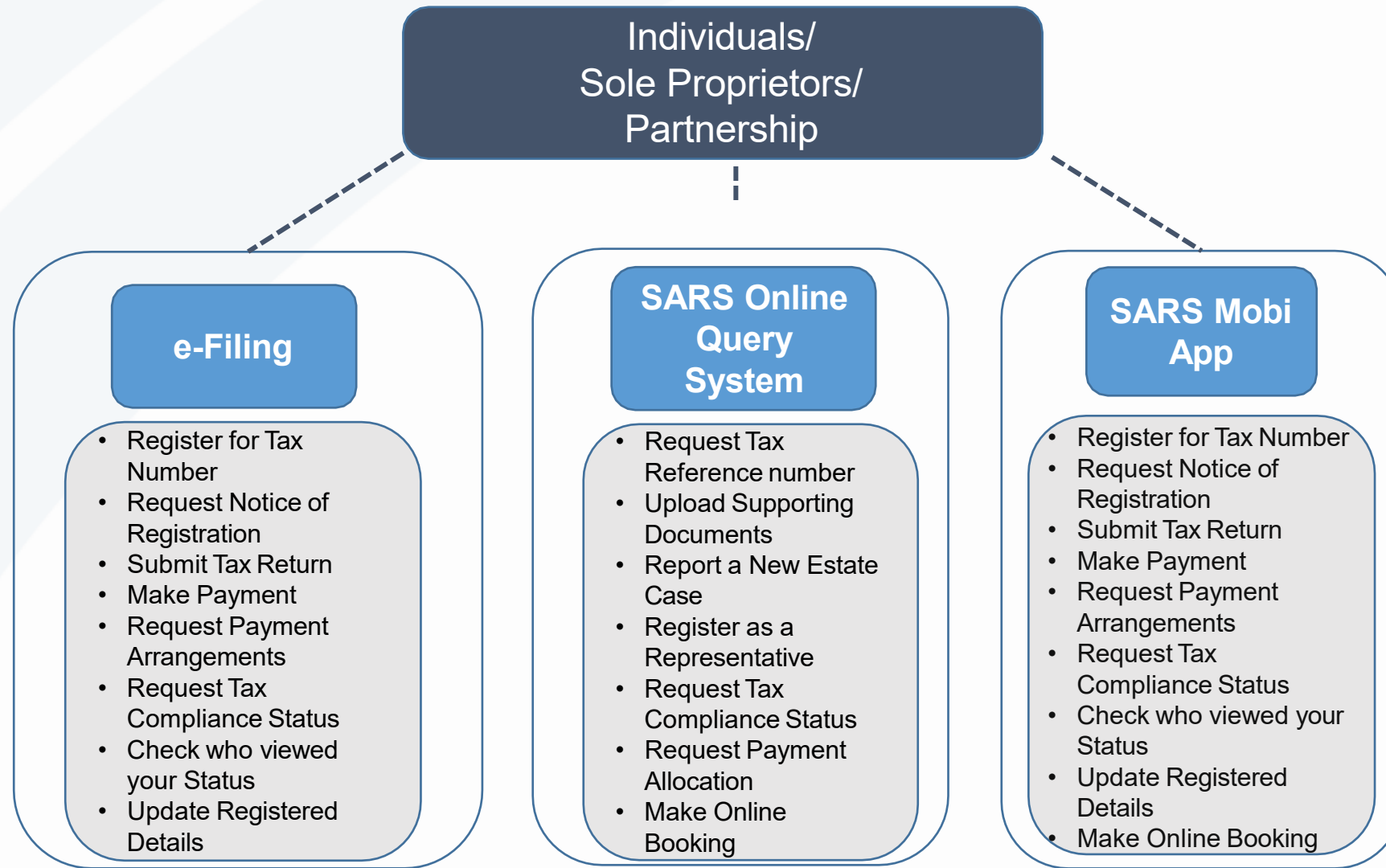
- Taxpayers must retain records for five years from the date their return is filed under the TA Act.
- While the general requirement is to keep records for five years, certain situations may require them to be kept for a longer duration.
- Individuals who have been notified of, or are aware of, a SARS audit or investigation must keep all relevant records, books of account, or documents until the audit is completed.



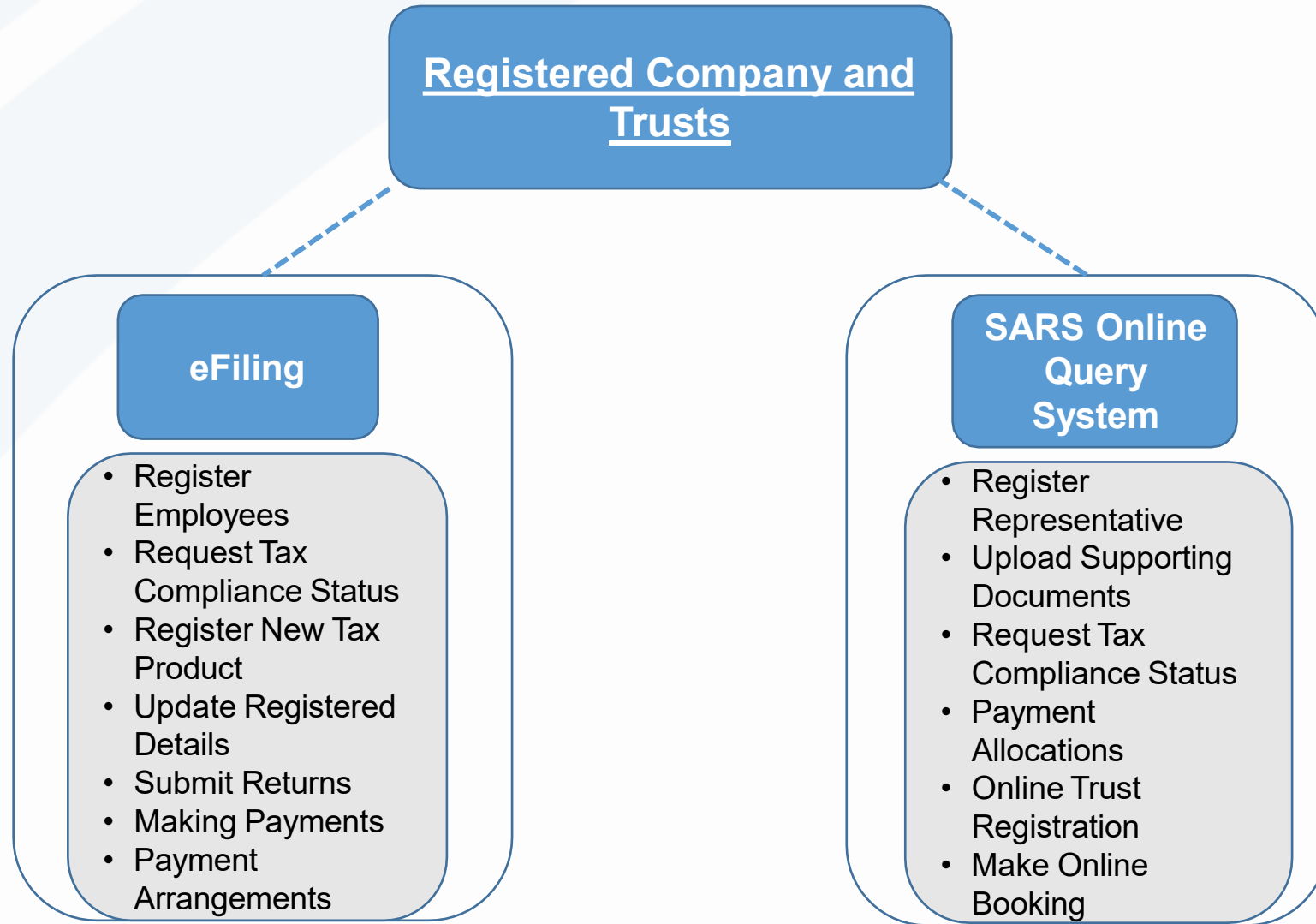
Digital Channel



Digital Channels



Digital Channels





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