



## CRS TIMES

### NEW TAX SYSTEM

Edition : 3 March 2009

SARS has launched a new Tax System for small businesses which is expected to reduce the time and cost of submitting Tax Returns. The system known as Turnover Tax is available to small businesses with a turnover of R1m a year and who meet certain criteria and replaces income tax, provisional tax, capital gains tax, secondary tax on companies and value added tax. Under the new tax system, qualifying small businesses will only need to submit two interim returns and a final return for assessment.



### COMPANY DIRECTORS



In terms of new Legislation, Company Directors face enormous exposure for personal liability if they do not do their jobs properly. The Companies Act will see the introduction of new legal weapons into the arsenal of stakeholders rights. The new Companies Act would drastically change the law, the scope and procedures in relation to class and derivative actions, all in favour of shareholders and other stakeholders.

### SARS RELEASES DRAFT FORMS FOR NEXT TAX SEASON

Draft Income Tax forms for the 2009 tax season have been released by SARS for comment and feedback from tax payers and tax practitioners. The new forms have been updated as part of SARS commitment to simplify the income tax process and to take into account feedback received and lessons learnt from last year's tax season. The new forms for individual tax payers will only be released by SARS once feedback has been received from interested parties and the necessary changes have been made.



### TAX PITFALLS WHEN USING LABOUR BROKERS



SARS's intention to simplify Employee's Tax regime could result in unexpected consequences for corporate labour brokers and their clients, if the recently revised legislation is not correctly applied. Companies using labour brokers need to determine whether the Broker is a personal services broker or not. If not, the fee paid to the Broker is regarded as a fee and not remuneration paid to an Employee as defined for PAYE purposes. Companies are then neither obliged nor entitled to withhold PAYE. Prior to 1st March 2009, a company could be taxed as an Employee if it fell within the definitions of a labour broker or a personal service entity under the Income Tax Act. Under the changes made to the Revenue Laws Amendment Act, only a natural person can, from 1st March 2009, qualify as a labour broker, which means that companies and trusts are now completely excluded from this definition. SARS have said that until now a business has had to determine whether it was doing employment business with a labour broker without an exemption certificate, with a personal services company or a personal services trust. The changes to the legislation simplified matters by removing the overlap. SARS have indicated that some companies were unaware of the change in law and were insisting on labour broker exemption certificates from companies and trusts,



companies were unaware of the change in law and were insisting on labour broker exemption certificates from companies and trusts, failing which they intended deducting PAYE. As these certificates are no longer required from companies and trusts, SARS has provided a letter to this effect explaining the new system. The letter is available on the SARS website.

**CRS TECHNOLOGIES (PTY) LTD**

Head Office : Centric House, Mellis Court, Mellis Road, Rivonia Gauteng

Tel : 27 11 259 4700 Fax : 27 11 259 4740 Cell : 083 326 4735 Email : [unlock@crs.co.za](mailto:unlock@crs.co.za)

Regional Offices : Johannesburg : 27 11 259 4700 Cape Town : 27 21 555 2660 Port Elizabeth :

27 41 581 1079 Durban : 27 31 312 3327 Sydney : +61 (0)2 9543 3337

[www.crs.co.za](http://www.crs.co.za) © Private Policy Terms of Use

E&OE - Exceptions and Omissions Excepted