

CRS TIMES

1. EXTENSION OF INCOME TAX LIABILITY

Share Incentive Schemes

Under the Revenue Laws Amendment Act of 2008 which became law on the 8th January 2009, a number of amendments have been effected :

- Amendments have been effected to the provisions of Section 8C dealing with Share Incentive Schemes.
- Section C provides that any increase in the value of a share which an Employee derives by virtue of his employment with his Employer, will be included in his income on the date when the restrictions relating to those shares fall away.
- It is irrelevant whether or not the shares are sold at that point in time.

The question is whether all restrictions relating to the shares have fallen away. Further confirmation is awaited.

2. CLEARER TAX LEGISLATION

Taxpayers can expect a more user friendly and unambiguous Income Tax Act following upon a revision of the Law. The Treasury is expected to start revising the act shortly. Proposed changes to the regulations and taxation of income derived from employment are expected to be significantly simplified.

3. TIGHTER RULES ON TRAVEL ALLOWANCES

The Minister of Finance has announced new tax reforms that will tighten the noose on the abuse of car allowances that has cost the Government billions of rands in revenue. In a nutshell, the excessive deductions claimed by taxpayers do not match actual business expenses and thus it has been proposed that the deemed business km procedure be scrapped (likely from next tax year 2010 / 2011). Taxpayers who are required to use their personal motor vehicles for business purposes, will still be able to keep a logbook to claim business travelling expenses.

4. SARS

- Employers filing season for the 2008 / 2009 tax year commences on 1st April 2009 and ends on 29th May 2009.
- The updated version of e@syFile that will cater for the new EMP601 (cancellation of prior year's tax certificates) and the EMP701 (adjustment of prior year's tax certificates) requirements (as well as other enhancements), will be available on the SARS E-Filing website from 1st April 2009.
- SARS will not allow 2008 / 2009 tax certificates & reconciliations to be submitted electronically by using the current (2008) versions of e@syFile. The April 2009 version **HAS** to be used.
- There will not be a mid- year submission of tax certificates in the 2009 / 2010 tax year.
- The changes to the CSV file layout for the February 2010 submission are being finalised.
- The subsistence limits per country for foreign countries will be effective from the 1st March 2009 – SARS discussion paper on this matter can be found on our website under Presentations.
- Medical Aid limits have increased from R570.00 to R625.00 for the first two beneficiaries and from R345.00 to R380.00 for each additional beneficiary.
- New codes to simplify the annual return for 2008/9 to assist the individual tax payer will be announced shortly.
- New tax certificate reporting codes (effective 1st March 2009) for The Payroll Giving deduction from remuneration and Retirement Fund withdrawal lump sums, will be made available shortly.
- Take note of the Budget proposals regarding changes to medical scheme contributions, employer contributions to Retirement Annuities and the removal of the "deeming" provisions for travel allowance claims. It is expected that these proposals will be incorporated into amending Bills for promulgation later this year.

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