



CRS TIMES

NEW EMP 201 SPECIFICATION

Edition : 10 October 2009

It has previously been reported that SARS intend making changes to the format of the EMP 201 to facilitate the declaration of payment of amounts for EMP 701 adjustments to prior tax years in addition to the normal monthly EMP 201 payments. It is the intention to have the new EMP 201 fully implemented from March 2010 in time for the 7th April 2010 payment. The proposal to drop the cents from the EMP 201 total amounts for Employees Tax, SDL and UIF amounts is still under review



BEARING UP UNDER SARS SCRUTINY



Under section 31 of the Income Tax Act, SARS has the discretion to adjust prices charged for goods and services involving SA resident enterprises and foreign connected parties, such as a foreign subsidiary company, to counter opportunities for profit shifting between related enterprises. While SA is not yet a member of the Organization for Economic Co-operation and Development, SARS has, in practice note 7, indicated its intentions to adopt OECD transfer pricing guidelines.

TAX NET SETTLES OVER "TAINTED" INCOME

The controlled foreign company legislation is an anti avoidance provision aimed at combating the shifting of tainted taxable income outside of the SA tax net. The legislation allows SARS to tax the net "tainted" income in the hands of SA shareholders. In 2006 a system of special rulings was put in place which allowed SARS to issue rulings relating to diversionary transactions and passive income waivers for high taxed income. This ruling process will now be removed, except for situations of diversionary income exemptions. New legislation has now been incorporated to deal with the areas where previous rulings were granted and high taxed controlled foreign companies will no longer give rise to income attribution, without needing to obtain a special ruling.



SARS SPELL OUT HARSH ACTION ON DEFAULTING TAX PAYERS



SARS will introduce a system of strict new administrative penalties against non-compliant taxpayers from 23rd November 2009. The administrative penalty regulations legally came into effect on 1 January 2009 and provides for the imposition of penalties for a range of non-compliance, including failure to register as a taxpayer, failure to inform SARS of a change in address and other personal particulars and failure to submit tax returns & other documents to SARS. The new penalty system, applicable in terms of Section 75B of the Income Tax Act, provides for recurring monthly penalties for each month that an income tax return remains outstanding. These amounts will range from R250 a month for taxpayers with an annual taxable income of up to R250,000 and to R16,000 a month for taxpayers with taxable income over R50 million. Where a taxpayer fails to pay penalties, Employers, Agents or 3rd Parties will be required to deduct the amounts due from taxpayers salaries or other funds and pay it over to SARS. Failure to do so will constitute a criminal offence. Taxpayers who have outstanding returns for prior years are required to submit returns for these years on the current 2009 ITR12 income tax form only.

MANDATORY DATA FOR THE 2010 TAX CERTIFICATES

Due to the short period of time between the issue of the final specification and the February 2010 tax year end, SARS have for February 2010 **only** agreed that for those fields that are defined as man-



cation and the February 2010 tax year end, SARS have for February 2010 **only**, agreed that for those fields that are defined as mandatory conditions (eg: Employees income tax number) will, if not listed, not result in the rejection of the tax certificate, but instead a warning will be issued. For the August 2010 submission, SARS validation rules will be strictly applied. Despite the concession for February 2010, Employers are, however, strongly advised to comply with validation rules as far as possible,



MORE TIME FOR PROVISIONAL TAX PAYERS



To accommodate the anticipated increase in submissions of outstanding returns at SARS branches and via eFiling, SARS will allow additional time for Provisional Taxpayers who are in good standing with SARS (ie: have no outstanding returns except for the current 2009 return) who file via eFiling to submit their 2009 returns. Those Provisional Taxpayers who choose to make use of the additional time have until 28 February 2010 to submit their returns. Payment of assessed tax is due within 7 calendar days after the assessment.

ESCROW PROTECTION FROM NCC GROUP

CRS has engaged with the NCC Group for the provision of an escrow service to those CRS customers who have expressed an interest therein. This is an optional service and is by no means compulsory for any CRS customer. Should you be contacted by the NCC Group with regard to the provision of an escrow service, please be advised that there is no obligation on your part to subscribe to this service offering.



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

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

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