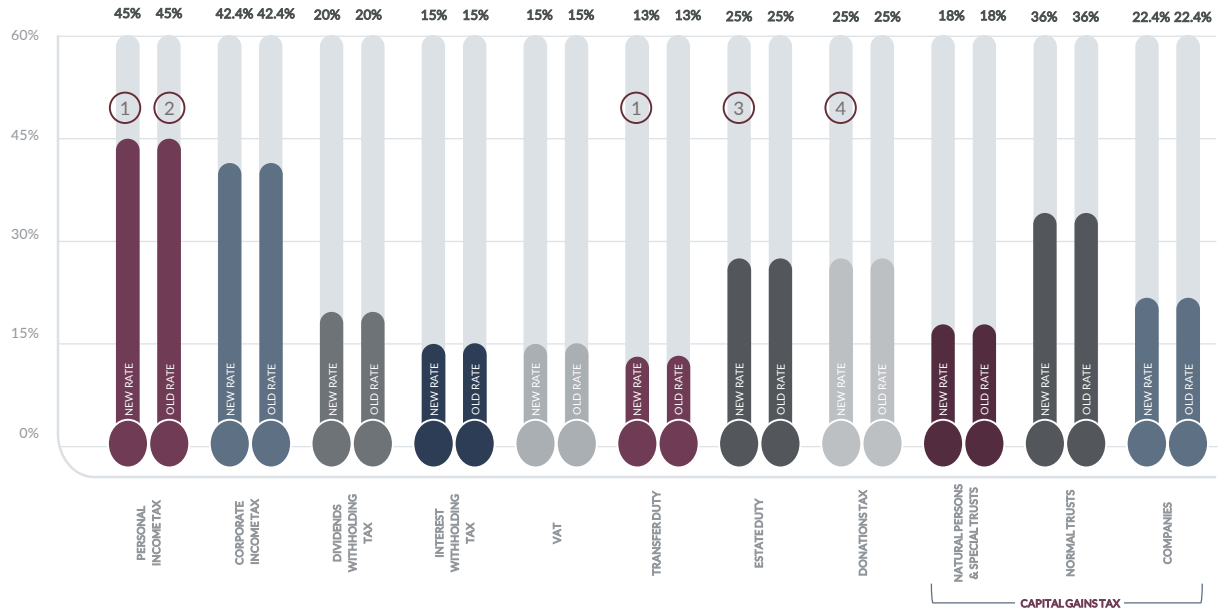


BUDGET 2020

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NO MAJOR TAX INCREASES



NOTES

- 1 Top marginal rate.
- 2 Effective corporate tax rate taking into account dividends withholding tax.
- 3 For estates in excess of R30 million. Estates below R30 million is taxed at 20%.
- 4 For donations in excess of R30 million. Donations below R30 million is taxed at 20%.



A FEW PROPOSED TAX CHANGES

- Government will be considering a decrease in the corporate tax rate in the medium term whilst broadening the tax base. I.e. they intend to make the tax base wider and apply a lower tax rate to the wider base. It is proposed that the increase in the tax base will be achieved by (a) minimising certain tax incentives (b) restricting the use of assessed losses by companies to 80% of taxable income (for years of assessment commencing on or after 1 January 2021) and (c) preventing certain excessive interest deductions.
- The exemption cap of R1 million for foreign services (in terms of section 10(1)(o)(ii)) will be increased to R1.25 million. The concept of emigration will be phased out by 1 March 2021.
- Amendments are proposed to section 7C to combat the use of preference share schemes that undermine the purpose of section 7C.
- It is proposed that ETI credits not allowed because of non-compliance by the employer also now be forfeited after the end of each reconciliation period.
- The use of tax exempt bursaries to reduce remuneration subject to tax will be stopped with effect from 1 March 2020. Exactly how this will be done is yet to be seen as we expect there are valid salary sacrifice schemes where tax exempt bursaries are used.
- The bad debt allowance under section 11(j) of the Act for companies that are not applying IFRS9 will be reviewed.
- Government will be reviewing the sunset clause of the venture capital company regime. The current sunset clause is 30 June 2021.
- The CGT and foreign dividend participation exemption will be reviewed.
- It is proposed that objections to assessments be denied until the taxpayer has provided specific information requested by SARS, where SARS has requested such specific information more than once.







[VIEW THE EXPLANATORY VIDEO HERE](#)



NEW TAXES PROPOSED

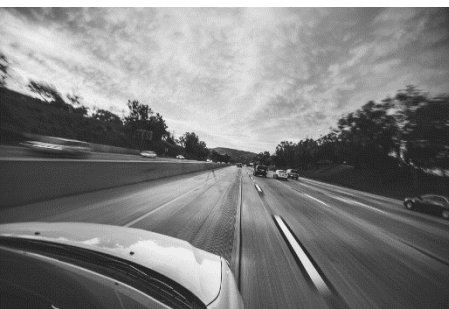
Export tax on scrap metals as follows:

-  R1000 per ton of ferrous metals;
-  R3000 per ton of aluminum;
-  R8 426 per ton of red metals; and
-  R1000 per ton of scrap metals.







Excise duty to be imposed on heated tobacco products and electronic cigarettes (equal to 75% of the excise rate for cigarettes)



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OTHER TAX INCREASES

-  General fuel levy by 16c/litre (with effect from 1 April 2020);
-  RAF levy by 9c/litre (with effect from 1 April 2020)
-  RAF levy by 9c/litre (with effect from 1 April 2020)
-  Incandescent light bulb levy to increase by R2 with effect from 1 April 2020
-  Vehicle emission tax rate increase with effect from 1 April 2020
-  Plastic bag levy to increase from 12c to 25c per bag with effect from 1 April 2020



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