

Information on Income Tax

2006

RENDERING OF RETURN

This return must be completed in full. If any part of the return is not completed, it will be rejected and sent back for thorough completion.

- The return must be rendered on the date as indicated on the return.
- If you are unable to render the return within the prescribed period, you must apply for an extension on the SARS website, www.sars.gov.za, or submit a written request to your local SARS office.
- If you have already rendered a return for this year, return this form stating the income tax reference number and SARS office to which you sent the previous return.
- If there is insufficient space for any item on the return, a separate schedule giving the required details must be attached to the return.
- If you have received a return, it must be completed and rendered irrespective of whether the Company, Trust or Association of Persons (hereafter referred to as the entity) is dormant or not in receipt of income.
- Do not include any payments or correspondence, not relating to this return, with the return.

GENERAL

- The detailed information below will provide clarity as to the information required for the correct completion of the return.
- Where data in the income tax return is supported by a schedule, a cross-reference to that particular schedule must be made at the appropriate paragraph. Endorsements such as "See attached accounts" are not acceptable.

SUBMISSION OF FINANCIAL STATEMENTS

This return must be supported by the following documents:

- A detailed income statement / administration account / balance sheet; and / or
- Additional information as required in the annual tax return, on separate evenly-numbered schedules.

OBJECTIONS AND APPEALS

Any objection to an assessment must be in writing. The grounds upon which it is made must be specified in detail. The objection must reach the SARS office shown on the assessment notice within 30 days after the date of the assessment. Note must be taken of the rules governing objections and appeals in terms of sections 107A and 107B of the Income Tax Act (refer to the SARS website www.sars.gov.za).

If your objection is disallowed or if a reduced assessment is issued as a result of an objection allowed only in part and you are not satisfied with the reduced assessment, you may appeal to the Income Tax Special Court.

Any notice of appeal must be in writing. The grounds upon which it is made must be specified in detail. The objection must reach the SARS office shown on the assessment notice within 30 days from the date of notice of the disallowance / partial disallowance of the objection.

The obligation to pay tax and / or interest is not suspended by an objection or an appeal.

LIABILITY FOR INTEREST

The due date of an assessment will appear on the assessment. A second due date will also appear on the assessment issued.

If the assessment is not paid before or on the second date, interest will be levied at the prescribed rate on the outstanding balance of such tax in respect of each completed month (reckoned from the first due date) during which any portion of the tax has remained unpaid.

Any payment received after the second due date will firstly be allocated to the outstanding amount of interest and only thereafter allocated to the outstanding amount of tax.

COMPLETION OF RETURN

It is incumbent upon the taxpayer to ensure that an accurate and full disclosure of all required and relevant information is made on the income tax return. In addition to possible prosecution and imposition of penalties prescribed by the Income Tax Act for misrepresentation, neglect or omission to furnish such return or furnishing false information, additional assessments (together with interest), may be raised after the expiry date of three years from the date of assessment. To avoid such occurrences and to facilitate a correct assessment and an efficient income tax system, it is in everyone's interest that information furnished in the income tax return be correct and complete.

PART 1: PARTICULARS OF ENTITY

- The type of entity should be selected (if Association of Persons, mark “other”).
- Total income is the generally accepted concept of turnover and comprises of total receipts and accruals, irrespective whether of a capital nature or from a source outside the Republic, including donations, grants and subsidies. The figure entered as total income should be for all business activities and is usually the same as the amount disclosed as total income in the annual financial statements.
- Where the entity has more than one PAYE, VAT and Labour Broker registration number, the number of the largest operation should be inserted in the return and a schedule of the remaining numbers must be submitted. Should there be no applicable registration number, please enter a “0” in the right hand block.
- Particulars of bank account: If any refund due to the entity is to be paid into a bank account, the required details must be furnished in the relevant space. Please note that the branch number of the bank must also be furnished.

Note: The bank account must be in the name of the entity, no refunds will be paid into the bank account of a third party.

PART 2: DECLARATION BY PUBLIC OFFICER / REPRESENTATIVE TAXPAYER / TRUSTEE

This part must be completed in full and must be signed by the duly appointed Public Officer / Representative Taxpayer / Trustee. If you do not have a cell phone please enter “none”. Your attention is drawn to the fact that the Public Officer / Representative Taxpayer / Trustee is answerable for all such acts, matters or things as are required to be done under the Income Tax Act by the taxpayer and in case of default shall be liable to prosecution and to the penalties provided for in respect of defaults by a taxpayer.

INFORMATION BROCHURE

Indicate whether you require an information brochure for next year since many taxpayers make use of the services of accountants to complete the tax return and, therefore, do not use this brochure.

PARTS 5 AND 6: SUMMARY OF INCOME / ANALYSIS OF RECEIPT AND / OR ACCRUALS

INTEREST

The interest income of the entity may consist of the following:

- Interest from any interest-bearing loan;
- Interest on savings accounts, transmission accounts and / or fixed deposits as well as dividends / interest on fixed period shares / deposits made on or after 1 March 1990;
- Dividends from property trusts (these dividends are taxed as interest); and
- The interest portion of a distribution from a collective investment scheme.

A schedule containing the following details in respect of all interest accruals / receipts (including interest from foreign sources) must be attached to the return of the entity:

- Entity whereby money was invested;
- Type of investment;
- Amount invested;
- Amount of interest received by / accrued to the entity; and
- Confirmation that the investment requirements of section 30(3)(b)(ii) of the Income Tax Act are met.

TRADING INCOME

Rental

State the total amount of rental income received by the entity and furnish the following information:

- If the entity entered into any lease agreement during this year of assessment, the following information must be provided:
 - A copy of the lease agreement;
 - Indicate whether the parties to the contract can be regarded as “connected persons”;
 - Indicate whether the rental income can be regarded as “market-related rental income”;
 - Indicate whether the asset(s) had previously belonged to the entity; and
 - Furnish full details of the lease if paragraph 10(d) of the Ninth Schedule to the Income Tax Act is applicable.
- If any fixed property was let by the entity during this year of assessment, the following additional information must be provided:
 - State the initial purpose for which the property was acquired;

- Did the initial purpose for which the property was acquired, change? If “yes”, furnish details (when, why, how);
 - Was the property let to an employer of any beneficiaries or connected persons of the entity?; and
 - If a rental loss was created, what would you regard as the main cause for the creation of such a loss?
- If a lease agreement, in terms of which the entity was the lessee of any movable assets, was terminated during this year of assessment, the following information must be provided:
 - Furnish particulars of assets and how it was dealt with on the termination of the lease contract;
 - Were the lease payments previously allowed as a deduction against taxable income of the entity?

DONATIONS / GRANTS / SUBSIDIES

Full particulars of the source and amount of each donation, grant and / or subsidy received must be provided.

LEVIES / MEMBERSHIP FEES

Full particulars must be provided.

OTHER INCOME (INCLUDING SERVICES RENDERED)

State the amount received by / accrued to the entity in respect of any source of income (excluding capital accruals / receipts and exempt income).

Furnish details in respect of the nature and amounts received from each entity in a separate schedule and attach to the return.

This part may, for example, include executors- or similar fees received / accrued, royalties received / accrued and / or honoraria received / accrued.

GROSS PROCEEDS ON DISPOSAL OF CAPITAL ASSETS

Provide full details in a separate schedule in respect of gross proceeds on disposal of capital asset(s) during the year of assessment.

PART 9: ADDITIONAL ASSESSMENT INFORMATION

DORMANT ENTITIES

If the entity has assets and / or reserves, balance sheet information must be furnished.

PROVINCE WHERE MAIN ACTIVITY IS CARRIED ON

The codes for the different provinces are -

01	Northern Province
02	Mpumalanga
03	North West
04	Gauteng
05	Free State
06	Kwazulu Natal
07	Eastern Cape
08	Western Cape
09	Northern Cape

PART 10: TAX DEDUCTIBLE RECEIPTS ISSUED IN RESPECT OF DONATIONS

This section must be completed by entities that have received approval from SARS to issue tax deductible receipts in terms of section 18A of the Income Tax Act.

SECTIONS NOT SPECIFICALLY ADDRESSED IN THIS BROCHURE

With the exception of section 8 which is for office use only all other sections must be completed in full as indicated in the return.