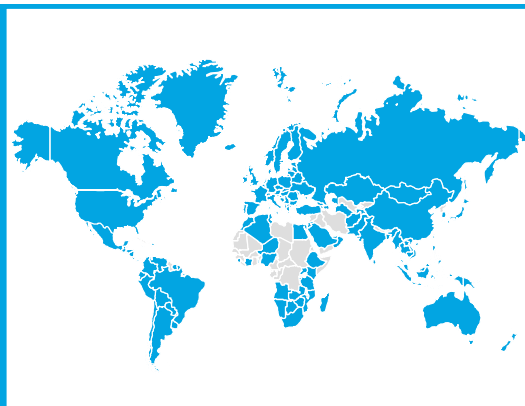


INPATRIATES

South Africa

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual is liable to pay income tax if he/she earns more than R 78,150 in the 2018/2019 year of assessment and is younger than 65 years of age. If the individual is 65 years of age or older, the tax threshold (i.e. the amount above which income tax becomes payable) increases to R 121,000. For taxpayers aged 75 years and older, this threshold is R 135,300.

The tax rates applicable are determined annually by Parliament, and are generally referred to as “marginal rates of tax” or “statutory rates”. The tax rate levied on an individual is set on a sliding scale which results in the tax increasing as taxable income increases. Every year, the Minister of Finance announces the rates to be levied by publishing the applicable tax tables during the annual budget speech.

In principle, the first step in determining the normal tax liability of any natural person in South Africa is to establish whether or not that natural person is a “resident” as defined in section 1 of the Income Tax Act.

Two separate tests are applicable to determine whether or not a natural person is a resident, namely:

- the ordinarily resident test and
- the physical presence test.

SA tax residents are taxed on their worldwide earnings, while non-residents are only taxable on income that is of a SA source.

The ordinarily resident test is usually the first test to determine whether the individual is a resident of South Africa. The main aspect in this regard is to determine if his or her permanent home (to where he or she will normally return) is in South Africa & his/her intention is to permanently remain in SA. If so, he/she will be regarded as a resident for tax purposes.

The physical presence test is time-based and is only applicable to an individual who has not been considered ordinarily resident in South Africa during the relevant tax year.

The test consists of three requirements - the individual must be physically present in South Africa for a period or periods exceeding:

- 91 days in aggregate during the relevant tax year under consideration;
- 91 days in aggregate during each of the five tax years preceding such tax year under consideration; and
- 915 days in aggregate during those five preceding tax years.

In terms of this test, the individual, who is not ordinarily resident in South Africa, only becomes a resident for normal tax purposes in the 6th tax year in SA if they are physically present in South Africa for the periods as set out above

A foreigner who became a resident as a result of the physical presence test and who is absent from South Africa for a continuous period of at least 330 full days after the day on which he or she ceased to be physically present in South Africa, will be deemed to be a non-resident as of the day on which he/she ceased to be physically present in South Africa (the day following the day on which he or she left South Africa).

REGISTRATION/FORMALITIES

A person who becomes liable for income tax must register as a taxpayer at SARS within 60 days after becoming liable for tax.

The tax season for the submission of income tax returns (ITR12) for the 2017/2018 year of assessment will open on 1 July 2018. The deadline dates for the submission of ITR12 returns are normally 21 September 2018 (in the event of a manual submission to SARS) or 31 October 2018 (in the event that returns are submitted electronically via e-filing).

INCOME TAX RATES

Taxable income in R	Rate of Tax
0-195,850	18% of each R1
195,851-305,850	35,253 + 26% of the amount above 198,850
305,851-423,300	63,853 + 31% of the amount above 305,850
423,301-555,600	100,263 + 36% of the amount above 423,300
555,601-708,310	147,891 + 39% of the amount above 555,600
708,311-1,500,000	207,448 + 41% of the amount above 708,310
1,500,001 and above	532,041 + 45% of the amount above 1,500,000

SOCIAL TAX RATES

South Africa does not have a social security system. However, similar levies do apply, such as:

- unemployment insurance fund contributions (1 percent of "remuneration" for the employer, 1 percent for the employee, capped).
- skills development levies (1 percent for the employer, uncapped).
- workers' compensation levies (rate varies by industry).

Please note that certain of these contributions do not apply to expatriates in specific instances.

For further information and to register for future updates contact expat@bdo.global

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