



Tax guide

What you need to know to prepare for the 2023 tax-filing season.

July 2023

see money differently

NEDBANK
PRIVATE WEALTH

Since 1 January 2001, all taxpayers resident in South Africa have been taxed on their worldwide income, subject to certain exemptions. Income tax returns (ITRs) are submitted on this basis. Non-residents are subject to tax on receipts and accruals derived from sources within South Africa and certain exceptions apply.

Who is affected by the tax season?

Annually, the Commissioner of the South African Revenue Service (SARS) issues a gazetted notice in terms of section 25 of the Tax Administration Act, 28 of 2011, specifying who must submit an ITR for the year of assessment (ie tax year). To view the 2023 Gazette Notice No. 48788, [click here](#).

Who is required to register for income tax and by when?

Every person (including individuals, trusts, companies, and deceased estates) who is liable for income tax or required to submit an ITR according to the gazetted notice issued by the Commissioner of SARS must register for income tax. **However, not all persons registered for income tax are required to submit an ITR.**

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Terms you need to know

Controlled foreign company (CFC)	A foreign company of which South African shareholders hold more than 50% equity shares or control. The effect of CFC provisions is to attribute income of a CFC on a proportional basis to a South African shareholder's taxable income if that shareholder owns at least 10% equity shares or a controlling interest.
Foreign currency	In the case of a tax resident, a currency other than rand, eg US dollar or euro.
Income tax assessment (ITA)	A form showing tax due (if any) that SARS issues based on the ITR submitted for the tax year. The taxpayer will get a refund or owe an amount. A refund could be due because the employer paid in advance during the year or the taxpayer paid provisional taxes.
Income tax return (ITR)	A declaration of a person's annual income, setting out certain expenses and information required to determine the person's tax liability for that particular year.
Non-tax resident	Any person other than a tax resident (see 'tax resident').
Person	A natural person, juristic person (ie company), trust, insolvent estate, deceased estate, or portfolio of a collective investment scheme.
Provisional tax	An estimated tax paid by a person (called a provisional taxpayer) with a non-remuneration income such as rentals or interest that may be subject to an advance payment of tax made in instalments during the tax year. For example, the first payment for individuals is due on 31 August, the second payment on the last day of the tax year, ie 28 or 29 February. A voluntary top-up payment may be made by the end of September, ie seven months after the tax year-end, to avoid interest on any shortfall between the estimated tax liability for the tax year and the actual tax liability determined when the ITR is submitted and an ITA is issued.
Taxable income	The amount of your income remaining after deducting expenses or allowances, such as wear and tear and assessed losses as allowed by the Income Tax Act, and including taxable capital gain. Your tax liability will be calculated based on this amount.
Taxable turnover	Applicable to qualifying microbusinesses that have a revenue of not more than R1 million per tax year and carried on by an individual (sole proprietor), a company or a close corporation, but not a trust.

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Taxpayer	A person chargeable with tax leviable under the Income Tax Act, 58 of 1962.
Tax resident	<p>Resident means either of the following:</p> <ol style="list-style-type: none">1 A natural person who is:<ul style="list-style-type: none">• ordinarily resident in South Africa (you consider South Africa to be your real home); or• physically present (from 1 March 2005) in South Africa for:<ul style="list-style-type: none">- at least 92 days in the current tax year; and- each of the preceding five tax years; and- at least 916 days during the five preceding tax years.<p>Note: The above days do not need to be consecutive.</p><p>Resident excludes:</p><ul style="list-style-type: none">• A natural person who was previously regarded as a deemed resident, if physically absent from South Africa for a continuous period of at least 330 days from the date of departure.• A person who is deemed to be exclusively a resident of another country for the purposes of the application of any double taxation agreement.2 A company or trust that is incorporated, established, formed or has its place of effective management in South Africa.
Year of assessment (tax year)	A period of 12 months. For individuals and trusts, the year of assessment starts on 1 March and ends on 28 or 29 February each year. For companies and close corporations the year of assessment is the financial year of the company or close corporation.

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Do you need to submit an income tax return, and if so, by when?

This section explains who needs to submit an income tax return. It also provides the required submission dates.

If you do not submit your ITR by the relevant deadline, you may be liable for an administrative penalty ranging from R250 to R16 000 a month for each month that the non-compliance continues, as set out in the table below. You can ask SARS to waive the penalty, but you will have to provide reasons which they will consider.

Amount of administrative non-compliance penalty

Assessed loss or taxable income for the preceding year	Penalty
Assessed loss	R250
R0 – R250 000	R250
R250 001 – R500 000	R500
R500 001 – R1 000 000	R1 000
R1 000 001 – R5 000 000	R2 000
R5 000 001 – R10 000 000	R4 000
R10 000 001 – R50 000 000	R8 000
Above R50 000 000	R16 000

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Who you are determines whether you need to submit a return.



A person and tax resident of South Africa who, during the 2023 tax year (1 March 2022 to 28 February 2023), meets the following definitions and requirements must submit a return.

Who or what?	Definition and requirements	Submission dates and how to submit								
Individuals	<p>An individual who:</p> <ul style="list-style-type: none"> carried on a trade; had capital gains or capital losses exceeding R40 000; held funds in a foreign currency or owned assets outside South Africa, if the total value of those funds and assets exceeded R250 000; received income or capital gains from funds in a foreign currency or assets outside South Africa attributable in terms of the Income Tax Act; held any participation rights, as referred to in section 72A of the Income Tax Act, in a controlled foreign company; had taxable turnover; has been issued with an income tax return or has been requested by the SARS Commissioner in writing to furnish a return; or earned gross income that exceeded (at the end of the 2023 tax year) the thresholds in the table below: <table border="1"> <thead> <tr> <th></th> <th>Gross income exceeded</th> </tr> </thead> <tbody> <tr> <td>Under 65</td> <td>R91 250</td> </tr> <tr> <td>65 - 74</td> <td>R141 250</td> </tr> <tr> <td>75 or older</td> <td>R157 900</td> </tr> </tbody> </table> <p>However, you are not required to submit an income tax return if the income thresholds above are exceeded and the gross income consisted solely of one or more of the following:</p> <ul style="list-style-type: none"> Remuneration paid or payable from one single source, which remuneration does not exceed R500 000 and with employee tax having been deducted or withheld in terms of the deduction tables prescribed by the SARS Commissioner; Interest (other than interest from a tax-free investment) from a source in South Africa not exceeding – 		Gross income exceeded	Under 65	R91 250	65 - 74	R141 250	75 or older	R157 900	<p>7 July to 23 October 2023 For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p> <p>Note: You may be notified of your selection for auto-assessment by SARS based on information collected from third-party providers. You can also check on the SARS Online Query Service.</p> <p>Provisional taxpayers: 7 July to 24 January 2024 Provisional taxpayers may file via eFiling or the SARS MobiApp. Provisional taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p>
	Gross income exceeded									
Under 65	R91 250									
65 - 74	R141 250									
75 or older	R157 900									

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Who or what?	Definition and requirements	Submission dates and how to submit
Individuals (continued)	<ul style="list-style-type: none"> - R23 800 for a natural person below 65 at the end of the tax year; or - R34 500 for a natural person 65 years or older at the end of the tax year, or • an amount received or accrued from a tax-free investment. 	
Trusts	Every trust must submit a return.	<p>7 July to 23 October 2023 For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p> <p>Provisional taxpayers: 7 July to 24 January 2024 Provisional taxpayers including trusts may file via eFiling or the SARS MobiApp. Provisional taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p>
The estate of a deceased person	<ol style="list-style-type: none"> 1 An estate of a deceased person who received gross income must submit a return. 2 However, it is not required to submit an ITR if the gross income consisted solely of interest (other than interest from a tax-free investment) of less than R23 800 from a source in South Africa. 	<p>7 July to 23 October 2023 For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p> <p>Provisional taxpayers: 7 July to 24 January 2024 Provisional taxpayers may file via eFiling or the SARS MobiApp. Provisional taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p>
Companies	All companies must submit a tax return.	<p>Within 12 months from the date on which its financial year ends For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers (including provisional taxpayers) who prefer not to file online can submit at a SARS branch by appointment.</p>

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 **A non-resident person who, during the 2023 tax year (1 March 2022 to 28 February 2023), meets the following definitions and requirements must submit a return.**

Who or what?	Definition and requirements	Submission dates and how to submit								
<p>Individuals</p>	<p>An individual who:</p> <ul style="list-style-type: none"> carried on a trade (eg property rental); had capital gains or capital losses mainly from immovable property or a permanent establishment (such as a branch in South Africa carrying on a business); earned gross income from a source in South Africa during the 2023 year of assessment, comprising interest from a source in South Africa to which the exception provisions contained in section 10(1)(h) of the Income Tax Act do not apply; has been issued with an income tax return or who is requested by the SARS Commissioner in writing to furnish a return; or has earned gross income that exceeded (at the end of the 2023 tax year) the thresholds in the table below: <table border="1" data-bbox="400 746 1350 927"> <thead> <tr> <th></th> <th>Gross income exceeded</th> </tr> </thead> <tbody> <tr> <td>Under 65</td> <td>R91 250</td> </tr> <tr> <td>65 – 74</td> <td>R141 250</td> </tr> <tr> <td>75 or older</td> <td>R157 900</td> </tr> </tbody> </table> <p>However, you are not required to submit an income tax return if the income thresholds above are exceeded and the gross income consisted solely of dividends and the natural person was a non-resident throughout the 2023 tax year.</p>		Gross income exceeded	Under 65	R91 250	65 – 74	R141 250	75 or older	R157 900	<p>7 July to 23 October 2023 For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p> <p>Note: You may be notified of your selection for auto-assessment by SARS based on information collected from third-party providers. You can also check on the SARS Online Query Service.</p> <p>Provisional taxpayers: 7 July to 24 January 2024 Provisional taxpayers may file via eFiling or the SARS MobiApp. Provisional taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p>
	Gross income exceeded									
Under 65	R91 250									
65 – 74	R141 250									
75 or older	R157 900									
<p>Trust or different kind of juristic person</p>	<p>A trust or another kind of juristic person who:</p> <ul style="list-style-type: none"> carried on a trade through a permanent establishment in South Africa; derived income from a source in South Africa; had capital gains or capital losses mainly from immovable property or a permanent establishment (such as a branch in South Africa carrying on a business); received gross income from a source in South Africa during the 2023 year of assessment, comprising interest from a source in South Africa to which the exception provisions contained in section 10(1)(h) of the Income Tax Act do not apply; or has been issued with an income tax return or who has been requested by the SARS Commissioner in writing to furnish a return. 	<p>7 July to 23 October 2023 For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p> <p>Provisional taxpayers: 7 July to 24 January 2024 Provisional taxpayers including trusts may file via eFiling or the SARS MobiApp. Provisional taxpayers who prefer not to file online can submit at a SARS branch by appointment.</p>								

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Who or what?	Definition and requirements	Submission dates and how to submit
Companies	A company that: <ul style="list-style-type: none">• carried on a trade through a permanent establishment in South Africa;• derived income from a source in South Africa;• had capital gains or capital losses mainly from immovable property or a permanent establishment (such as a branch in South Africa carrying on a business);• had gross income from a source in South Africa during the 2023 year of assessment comprising interest from a source in South Africa to which the exception provisions contained in section 10(1)(h) of the Income Tax Act do not apply; or• has been issued with an income tax return or who has been requested by the SARS Commissioner in writing to furnish a return.	Within 12 months from the date on which its financial year ends For taxpayers who file online via eFiling or the SARS MobiApp. Taxpayers (including provisional taxpayers) who prefer not to file online can submit at a SARS branch by appointment.

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What documents do you need to complete an income tax return?

Below is a list of some of the documents you may need:

- 1 Salary (remuneration) or lump sum certificates:**
 - a IRP5 – your employee tax certificate for remuneration received; or
 - b IT3(a) for lump sums from your employer, pension fund, provident fund or retirement annuity fund.

- 2 The following documents relating to donations for charities:**
 - a A valid section 18A certificate provided by an s18A-approved organisation.
 - b If the donation was made through your employer, an IRP5 certificate is sufficient.
The amount donated through your employer will be reflected on your IRP5 against code 4011 and, therefore, will be prepopulated under ‘Employee Tax Certificate Information [IRP5/IT3 (a)]’ on your return.

- 3 Certificates received for local interest, foreign interest income and foreign dividend income:**

IT3(b) certificates or transaction statement for the full period.

- 4 Certificates for capital gains or losses, realised from local and/or foreign assets:**

IT3(c) certificates or transaction statement for the full period.

- 5 The following documents relating to medical expenditure:**
 - a The tax certificate received from your medical scheme for the period 1 March 2022 to 28 February 2023 (if you belong to a medical scheme and you are the main member).
 - b Proof of qualifying medical expenses paid by you and **not** recovered from a medical scheme.
 - c Completed ITR-DD Confirmation of Diagnosis form if you want to claim disability-related expenses.

- 6 Statement of assets and liabilities – provincial taxpayers with business interests are required to declare the following:**
 - a Their assets and liabilities based on cost.
 - b Specified assets at market values if they have assets worth more than R50 million.

- 7 Other documents, such as invoices, contracts of sale, and purchases, to support your income and expenditure.**

Tax certificates from us that may be helpful

You should receive tax certificates relating to your investments. Please speak to your wealth adviser (wealth manager, financial planner, private banker or structured lender) to get copies of these if you have not received them.

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How to complete your income tax return

If you are required to submit an ITR, you may need to complete it yourself or SARS may advise you that you are automatically assessed based on the prepopulated information SARS has received from third-party information providers such as us, ie a bank, and an investment manager or stockbroker. SARS issues an ITA once the ITR has been submitted or once you have automatically been assessed.

Additional resources to help you:

- 1 The SARS website, for guidance on how to file an ITR; and
- 2 Nedbank Private Wealth tax directory for additional tax guidance.

Why must your ITR be complete and accurate?

Incomplete information in your ITR leads to a substantial understatement of your income or non-disclosure of material facts in your ITR and you may be liable to understatement penalties and interest, depending on the gravity of the situation and your behaviour. Penalties are set out in the table on the following page.

Note: Ordinarily, once you have submitted your ITR and SARS issues an ITA and a three-year period lapses, SARS cannot reopen the assessment. The ITA has prescribed. However, when you provide incomplete information, SARS can challenge previous ITAs irrespective of the timeframe.

Remember that the onus of proof of ensuring that the ITR submitted and ITA issued is complete and correct falls on you as the taxpayer, even if you were notified of an automatic SARS assessment.

If you want to advance a particular tax position (where differing views may apply) when completing your ITR, or if you are uncertain, it is prudent to consult a legal (or tax) adviser or tax practitioner before submitting your ITR as this will help avoid penalties should SARS have an opposing view.

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Understatement penalty percentage table

Behaviour	Standard case	If obstructive, or if it is a 'repeat case'	Voluntary disclosure after notification of audit or criminal investigation	Voluntary disclosure before notification of audit or criminal investigation
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable grounds for tax position taken	50%	75%	25%	0%
Impermissible avoidance arrangement	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

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What should you do if you disagree with the assessment SARS has issued?

If you disagree with the ITA from SARS and you submitted your ITR via the SARS eFiling or at a branch, you should consider taking the following actions:

- 1 If you were auto-assessed and do not agree with the assessment, you have until 23 October 2023 to amend and file an amended ITR via eFiling or the SARS MobiApp.
- 2 Requesting a correction of an error on an ITR if you are still able to access it via eFiling.
Some examples are if you:
 - a have been advised that your capital gains or losses – IT3(c) tax certificate supplied to you and SARS by your investment manager or stockbroker – changed subsequently to you submitting the ITR; or
 - b omitted foreign income and capital gains supplied to you by your international (foreign) investment manager or stockbroker who (as a third-party information provider) does not submit information to SARS for prepopulation.

You will be required to provide the following documents to support your request for a correction:

- Under 2(a) above, a revised IT3(c) and/or letter stating the reasons for the change from your investment manager or stockbroker and whether SARS has also been provided with this updated information from the provider. Please note that SARS is unlikely to automatically repopulate your ITR and reissue an ITA without you requesting a correction.
 - Under 2(b) above, an IT3(c) (if available) or a transaction statement for the full tax year.
- 3 When the request for a correction of error function is no longer available via eFiling or the branch, consider following the **appropriate dispute resolution process**, including lodging an objection.
 - 4 If you discover a substantial understatement of income after submitting your ITR and receiving your SARS-issued ITA, you should consider applying for the voluntary disclosure programme (VDP). The purpose of the VDP is to allow taxpayers an opportunity to regularise their tax affairs with SARS. SARS will either reduce or waive understatement penalties if you sign a VDP agreement. Taxpayers must voluntarily apply to SARS to disclose their defaults or non-compliance.

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How can we help you?

If you need assistance with the completion of your tax returns, speak to your tax practitioner or wealth adviser (wealth manager, financial planner, private banker or structured lender).

If you don't have a tax practitioner, you can speak to your wealth adviser about getting in touch with the tax compliance team at Nedgroup Trust.

You can also contact SARS:

- via eFiling or the SARS MobiApp; or
- by booking an appointment at a SARS branch.



Learn more about Nedbank Private Wealth and become a client.

Learn more about how we can help you connect your financial decisions to the future you want with our globally integrated advice.

Read our brochure.

Become a Nedbank Private Wealth client if you:

- earn a personal income of more than R1,5 million per year; or
- have investable assets with a value of at least R5 million, excluding the property you live in.

These qualifying criteria apply to our banking, investment, fiduciary and philanthropy offerings only.

If you would like more information, complete our online contact form.

If you are interested in our stockbroking services, contact us here.

If you don't meet the qualifying criteria for Nedbank Private Wealth yet or would like to explore alternative offerings, Nedbank has a range of investment solutions to suit your needs. Find out more about the different ways in which we can connect you to more with our financial planning advice.

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