

South African Revenue Service

Turnover Tax



Thank you for walking this journey with us



Welcome to the SARS Tax Workshop

Purpose:

This presentation is merely to provide information in an easily understandable format and is intended to make the provisions of the legislation more accessible

Disclaimer:

The information therefore has no binding legal effect and the relevant legislation must be consulted in the event of any doubt as to the meaning or application of any provision.



Points for Discussion

Turnover Tax Introduction

Online Registration

Disqualification rules

Turnover Tax Rates

Turnover Tax Payments

Turnover Tax Deregistration

Record Keeping

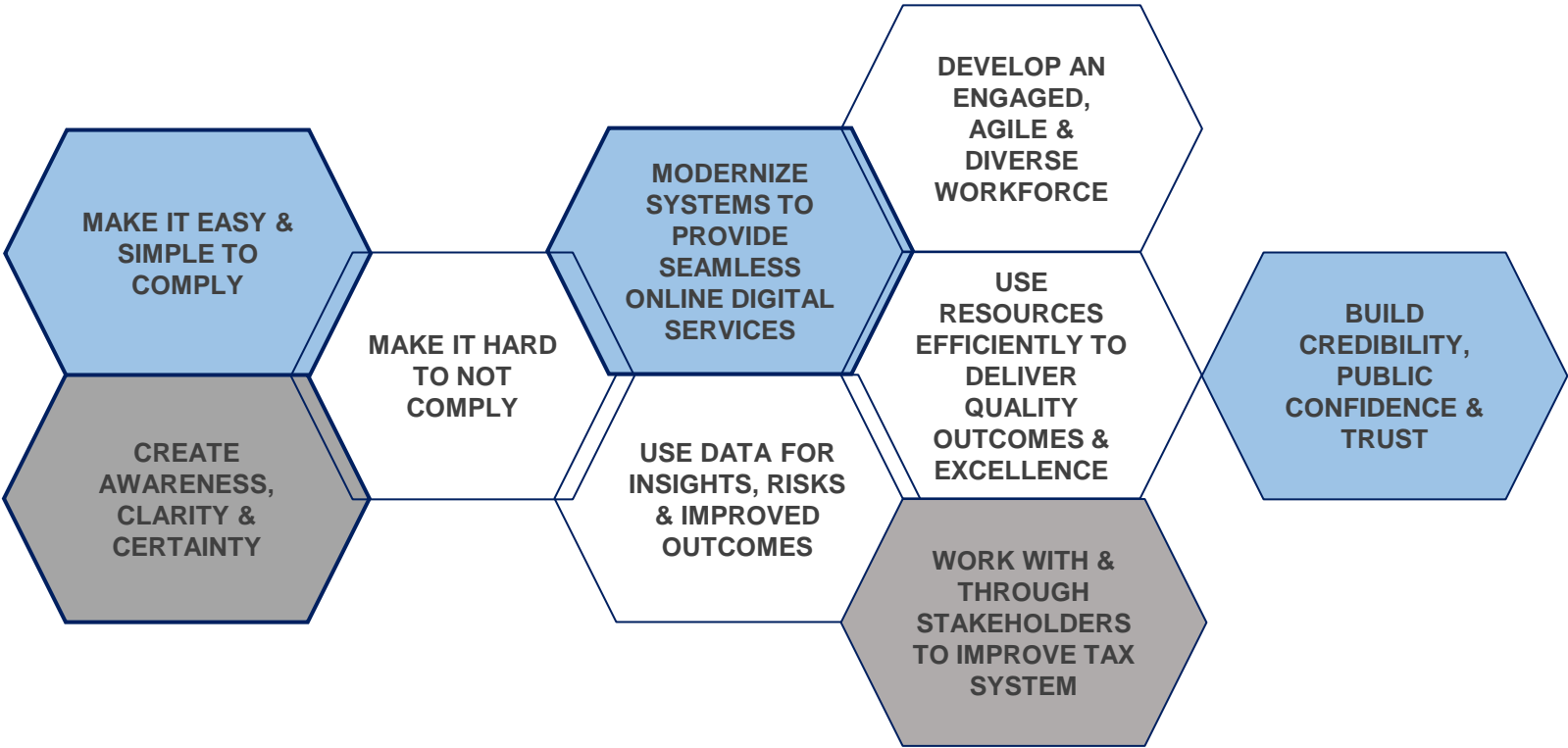
SARS Vision 2024

SARS Vision

To build a smart modern SARS with unquestionable integrity, trusted and admired by Government, the public, as well as our international peers.

Our focus:

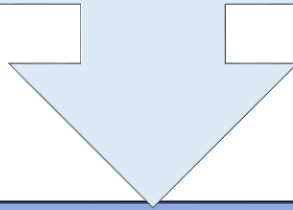
We focus on the following strategic intends



Turnover Tax

Introduction

Turnover Tax is part of Government's broader mandate to encourage entrepreneurship and to create an enabling environment for micro businesses to be profitable, sustainable and to grow.



The objective is to streamline tax compliance requirements for micro businesses and to reduce the administrative burden, thereby reducing the overall cost of complying with tax obligations

Turnover Tax

What is Turnover Tax?

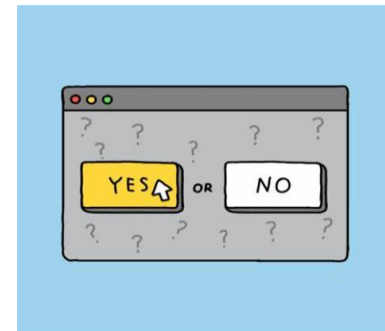
- Turnover tax (TT) is a single tax system which taxes turnover and not profit
- TT is optional to businesses with a qualifying turnover of R1 million or less per annum
- Replaces the need to account for Income Tax, Capital Gains Tax (CGT), Dividends Tax and Value-Added Tax (VAT), unless you have elected to be in the VAT system

Registration

TT and VAT

Registered micro businesses are allowed to be registered for TT as well as VAT as from 1 March 2012.

As from 1 March 2014, a registered micro business may elect to only submit VAT and/or PAYE returns on a six- monthly basis, at the end of August and February of each tax year.



Turnover Tax

When to Register ?

A person that meets the qualifying criteria may elect to be registered “as a micro business”-

- Before the beginning of a year of assessment or such later date during that year of assessment as the Commissioner may prescribe by notice in the Gazette, or
- Within two months from the date of commencement of business activities, In the case of a person that commenced business activities during a year of assessment

Online Quick Test

Navigate to www.sars.gov.za

Click on
“Small Business and Employers”

Click on Turnover Tax

Scroll down to “How to register?”

Click on “Quick test”

Registration

How to Register for Turnover Tax?

An application form (TT01) can be obtained and submitted via the following channels:

- By visiting SARS Branch Office during an eBooking appointment; or
- By emails forwarded to SARS on the following email addresses:
 - Tax Practitioners: pcc@sars.gov.za
 - Taxpayers: contactus@sars.gov.za

For any related queries or submission of the supporting documents use the following channel: SARS Online Query System (SOQS).

- The eFiling option is not yet available for submission of the Turnover Tax (TT01) Application Form.

NOTE: When capturing the TT01 form it is important for the taxpayer to complete the Quick test wizard available on the SARS website.

Qualifying Criteria



Qualifying Criteria

Includes the following:

50% of all receipts of a capital nature from the disposal of immovable property mainly used for business purposes other than trading stock

Any other assets mainly used for business purposes, other than financial instruments; and

In case of the company investment income (other than dividends and foreign dividends)

Qualifying Criteria

Excludes the following:

investment income, in case of a natural person

Any amount received by that registered micro business where that amount accrued to it prior to its registration as a micro business and that amount accrued was subject to tax in terms of the Income Tax Act No.58 of 1962

Any amount that is exempt from normal tax in terms of Section 10(1) (zK) or 12P

Any amount received by that registered micro business from any person by way of a refund in respect of goods or services supplied by that person to the registered micro business.

Partnership Requirements

Specific Requirements for partnership

- Turnover of partnership must not exceed R1 million per annum, however, each partner can apply individually
- That person cannot be a partner in another partnership
- The partner may not hold shares or interests in a company, close corporation or co-operative other than the exceptions, such as listed JSE companies, venture capital companies and some others.
- All partners must be individuals

Turnover Tax Disqualifications

Interests in other companies

- May not hold shares or have any interest in another company
- Certain allowable exceptions

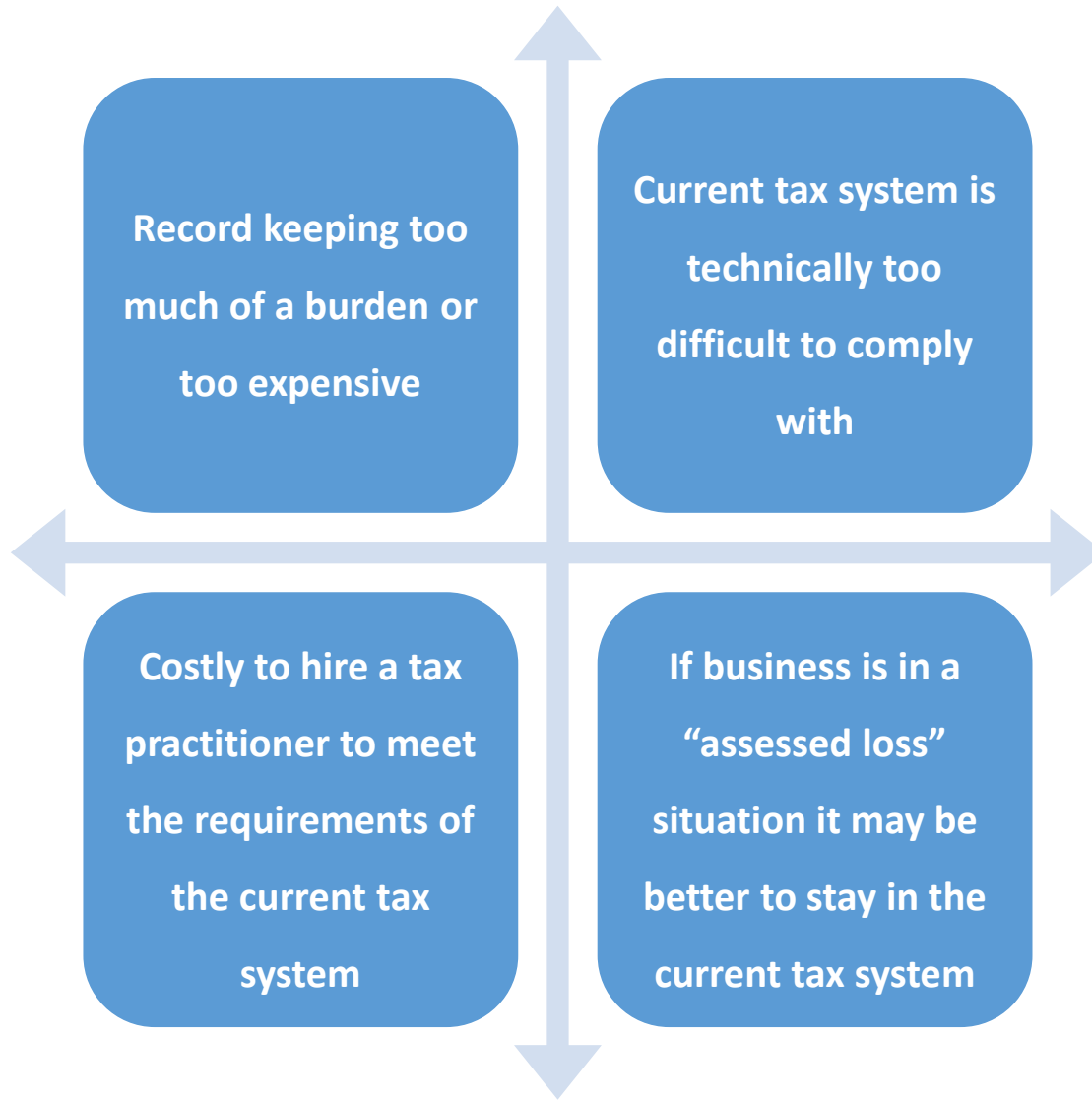
Investment income

- Investment income cannot be more than 20% of total receipts in the case of a company

Professional Service

- Professional service cannot be more than 20% of total receipts in the case of both natural persons and companies

Decision making factors



Turnover Tax Rates

These rates have not changed for the last 6 years

Taxable Turnover (R)	Rate of Tax (R)
0 – 335 000	0% of taxable turnover
335 001 – 500 000	1% of taxable turnover above 335 000
500 001 – 750 000	1 650 + 2% of taxable turnover above 500 000
750 001 and above	6 650+ 3% of taxable turnover above 750 000

Tax Comparison

EXAMPLE

Company A: Sales = R600 000
 Expenses = R180 000
 Taxable Income = R420 000

	<u>Taxable Income PIT</u>	<u>Taxable Income Company</u>	<u>Taxable Income Company SBC</u>	<u>Turnover Tax</u>	<u>Amount Due</u>
Sole Proprietor	703 726 + 31% of taxable income above R 353 100				R 96 014
Company		420 000 X 27%			R 113 400
Company SBC			19 163 + 21% of taxable income above R 365 000		R 30 989
Turnover Tax				R1650 + 2% of taxable turnover above R500 000	R 3650

Turnover Tax

How to request and submit Turnover Tax Return (TT03)

Once the registration is approved, an annual tax return (TT03) with the actual amount of taxable turnover for the year of assessment must be submitted to SARS by the due date set by SARS for that year of assessment.


Below is an Example of a TT03 Form

The image shows a screenshot of the SARS Turnover Tax Return (TT03) form. The form is titled "Turnover Tax Return" and "TT03". It includes sections for "Taxpayer Information" and "Bank Account Details". The "Taxpayer Information" section has fields for "Type" (Individual , Company) and "Year of assessment" (a grid of boxes). The "Bank Account Details" section has a warning: "(Any refunds will be delayed if bank details are not provided)". It includes fields for "Account name", "Bank name", and "Branch name", each with a grid of boxes. At the bottom, there is a barcode and a QR code. The text below the QR code reads: "TT03 L 02 PV 2021.01.04 BY 1101 CT 30 P Y 2021 b97c-121-0a17-4a26-a09e-d5980eb532db 001/002".

Turnover Tax

The Turnover Tax Return (TT03) can be obtained and submitted via the following channels:

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- By emails forwarded to SARS on the following email addresses:
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 - Taxpayers: contactus@sars.gov.za

For any related queries or submission of the supporting documents use the following channel:  SARS Online Query System (SOQS).

Turnover Tax Payment



Interim payments

1st PAYMENT

- Within six months from the commencement of the year of assessment as if it were a provisional tax payment (31 August)
- 50% of the TT payable on estimated taxable turnover for the year of assessment
- Estimate may not be less than the taxable turnover for previous “year of assessment” unless the Commissioner agrees to a lower estimate
- TT02 has to be completed as a payment advise and must not be submitted to SARS

Turnover Tax Payment



2nd PAYMENT

- Payable on or before the end of the “year of assessment” (28/9 February) as if it were a second provisional payment
- TT less first interim payment = amount payable
- Based on an estimate of the “taxable turnover” for the full year of assessment and a calculation of the TT payable thereon

Note: Beneficiary ID and payment reference number is essential and must be quoted

Penalties and Interest

Penalty will be charged if the second interim payment is less than 80% of the actual “taxable turnover” for that year of assessment

Penalty levied is equal to 20% of the difference between tax payable on 80% of actual “taxable turnover” and tax payable on the estimated “taxable turnover

Penalties may be waived in full or in part in certain circumstances

Interest is payable at the prescribed rate with regard to late payments

A relief on penalties and interest will be granted on interim payments deferred.

Turnover Tax

Deregistration of Turnover Tax

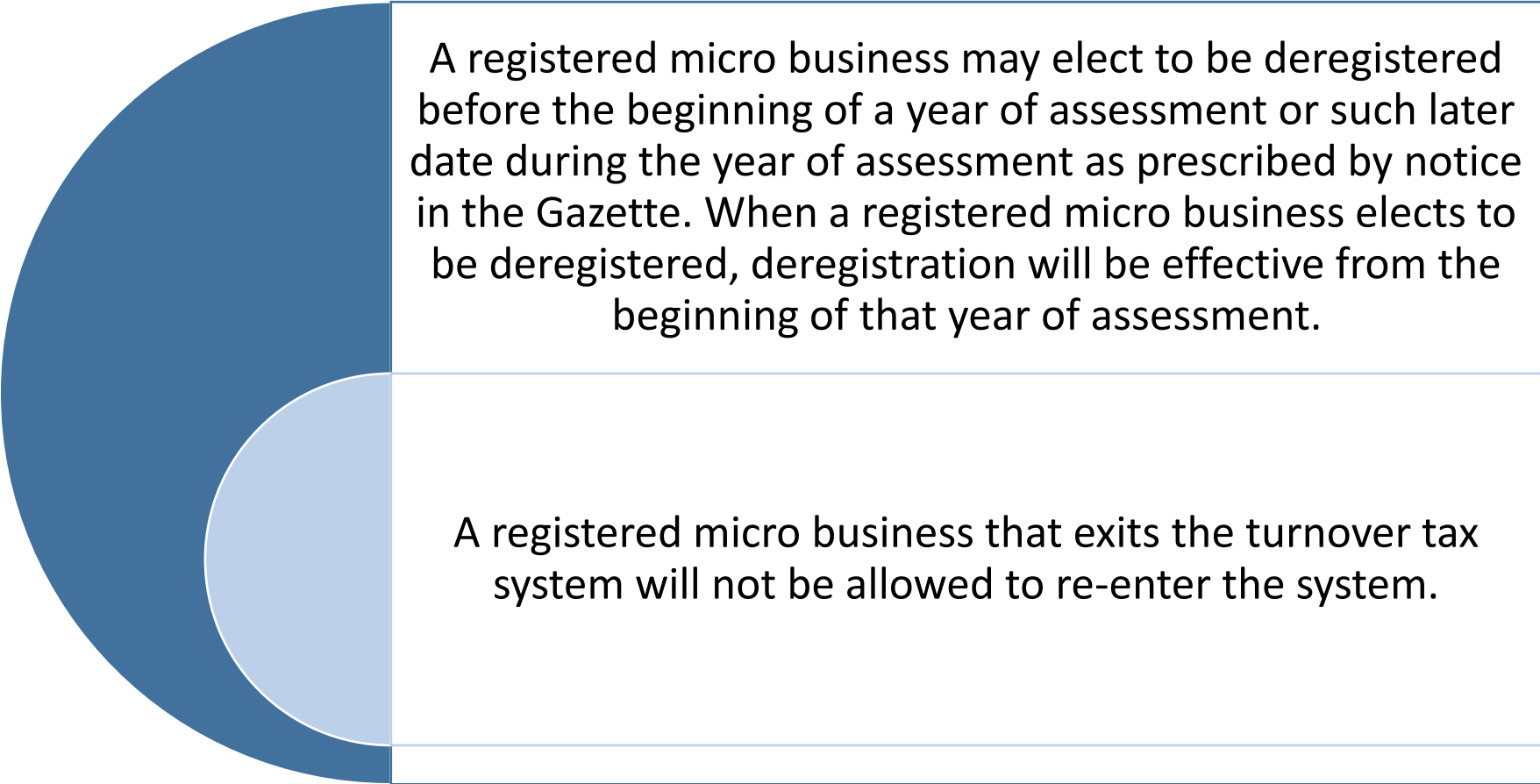
A registered micro business can deregister voluntarily or compulsory by notifying SARS.

A taxpayer can send a written request may be sent through to SARS

A letter can be sent by SARS to the taxpayer informing him/her of deregistration from turnover tax.

Turnover Tax

Voluntary deregistration from turnover tax:



A registered micro business may elect to be deregistered before the beginning of a year of assessment or such later date during the year of assessment as prescribed by notice in the Gazette. When a registered micro business elects to be deregistered, deregistration will be effective from the beginning of that year of assessment.

A registered micro business that exits the turnover tax system will not be allowed to re-enter the system.

Turnover Tax

Record Keeping

A registered micro business must retain a record of the following documents for audit purposes:



- Amounts received during a year of assessment.
- Dividends declared during a year of assessment.
- Each asset at the end of a year of assessment with a cost price of more than R10,000; and
- Each liability at the end of a year of assessment exceeding R10, 000.

Contact Us



We've made it easier for you

Go Digital!

- Download the SARS MobiApp via your app store
- Register for eFiling

▪ **Need an Individual Tax Number?**

Register for eFiling and you will be automatically registered for personal income tax and receive a tax reference number

- For more information on small business offerings, visit the:

SARS website on www.sars.gov.za and go to Small Business webpage

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza