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Confidential Payroll
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Individual Taxation

NEWSLETTER

Issue 1 2022

Calculated Excellence

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**"Coming together is a beginning;
keeping together is progress;
working together is success"**
~ Henry Ford

Formed as a result of a merger over 27 years ago, Accumulo Consulting would like to take this opportunity to thank and celebrate both our employees and clients.

As we continue to provide premium services across several disciplines including accounting, consulting, corporate taxation, corporate secretarial, estate planning, individual taxation, payroll and more, we are honoured to be an integral part of so many financial, business and personal journeys.

We appreciate and acknowledge the following long-service awards within Accumulo Consulting. These team members have reached notable employment milestones of 10 years or more:

Lorraine, 27 years	Anesia, 13 years	Adam, 10 years
Felicity, 21 years	Vanessa, 13 years	Maria, 10 years
Leanne, 16 years	Elaine, 13 years	Annah, 10 years

Please like our recently launched Facebook page which, along with our quarterly newsletter, is tailored to keep you informed and up-to-date on financial and business trends.

We strive to offer not only financial and consulting services but to also bring a personal touch when assisting our clients who have become a part of the Accumulo family. Please contact us if you require further information or guidance within our portfolio of expertise.

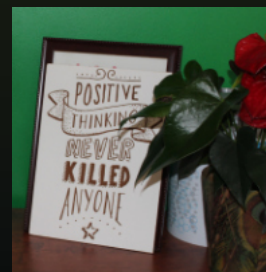
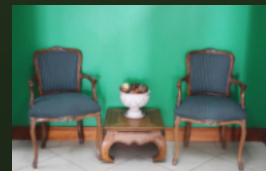
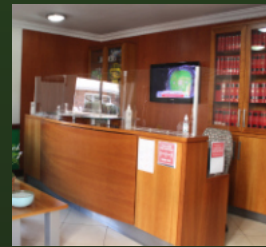
As we head into the second half of 2022, let us persist in our pursuit to make a memorable difference together and keep on delivering *Calculated Excellence*.



Roland



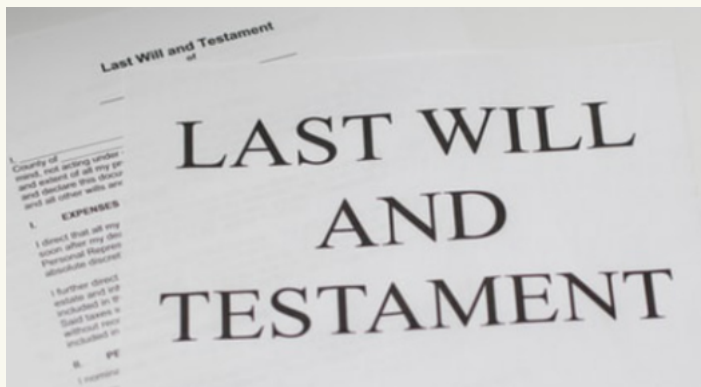
Shaleen





Team 2022





What happens if you don't have a valid Will?

If you die without a valid Will, your nearest blood relations will generally inherit.

Should no relatives be traceable, your estate will devolve upon the Guardianship Fund for 30 years. If no relatives lay claim to your estate during this time, it will be forfeited to the State.

What are the requirements of a valid Will?

A Will must be signed in the presence of two witnesses, who must also sign it in the presence of each other and yourself. Any amendments must comply with the same signing formalities.

A person who signs the Will as a witness cannot be a beneficiary.

A Will can be revoked or altered at any time. It is good practice to review your Will regularly, especially after major life changes such as having children, getting married or divorced, or acquiring a large asset.

Who should draft my Will?

You can write your own Will, but it is better if it is drafted by a qualified professional who understands the legal complexities involved.

If you do not have a Will or have not recently reviewed your Will, you are welcome to contact one of our directors who will assist you.

Why draft a will?

Your will expresses your last wishes and can provide future financial security for loved ones. Without a valid Will they may find themselves facing uncertainty, anxiety and financial insecurity.

A Will lets you decide how your assets will be dealt with. South African law allows almost complete freedom in this, ensuring that only those you want to benefit from your estate will do so.

A Will can designate who will care for minors. Failing to identify a guardian will require a court to do so on your behalf.

A well drafted will can create financial security for beneficiaries, protect assets and ensure proper tax planning to avoid placing a hefty financial burden on your heirs.

SARS TAX DEADLINES FOR SUBMISSIONS

Taxpayers will be able to file their tax returns from 1 July 2022.

For companies, within 12 months of their financial year-ends;

- On or before 24 October 2022 if the return is submitted manually or with the assistance of a SARS official at one of SARS's offices, or for a non-provisional taxpayer who is filing via SARS's eFiling platform.
- On or before 23 January 2023 for provisional taxpayers using eFiling.

Please remember to submit your VAT by the 25th of each Month
PAYE by the 7th of each Month or the closest working day before these dates

Like our Facebook page and you could **WIN** your personal tax submission professionally done by us!



We have recently launched our new Facebook page and would love you to join our community.

Follow and Like our page to stay updated. We will be bringing you the the latest trends and important relevant financial information.

<https://www.facebook.com/accumuloconsulting>

T&C's apply. The winner will be randomly selected on 31 July 2022.

SARS is making Key Changes this Tax Season – The Documents you Need

Article: Business Tech

8 June 2022

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The South African Revenue Services (SARS) has confirmed the filing dates for the 2023 tax season, with non-provisional individual taxpayers given between 1 July 2022 to 24 October 2022 to file their returns.

This is a condensed filing season compared to the previous year which was extended primarily due to the impact of the Covid-19 pandemic, says Tax Consulting SA.

The firm said it is of utmost importance that taxpayers are making the necessary provisions and understand the full tax filing process, including:

- Keep a record of your employee's tax certificate – IRP5 certificate. If not applicable, ensure you keep record of all your year of assessment's pay/salary slips.
- Keep a record of all your third-party data – IT3(b), IT3(c), IT3(e), IT3(s) tax certificates.
- Ensure your travel logbook is complete up until 28 February 2022.
- Should any services be rendered abroad, as requested by your employer, ensure relevant passport copies are available.
- The income tax certificate from your medical aid scheme received for the period 1 March 2021 and ending 28 February 2022 (if you belong to a medical scheme).
- Proof of qualifying medical expenses paid by you and not recovered from a medical scheme.
- Keep record of all your donations made – S18A certificate.
- Make sure all your supporting documents such as invoices or statements with regards to business, rental, or other investment income/expenses are kept should SARS request the same.

Auto-assessments

“Based on the outcomes of the 2021 tax filing season, and the burning issue SARS raised of many taxpayers still not filing their tax returns, SARS will continue to ensure to auto-assess the processes for individuals based on third-party data received from employers, financial institutions, medical schemes, and retirement fund administrators,” said Tax Consulting SA.

“These taxpayers will receive a notification from SARS that states that they have a pre-populated income tax return available to review, on eFiling or the SARS MobiApp. If you accept your auto-assessment, any under or overpayment of tax will be processed as normal. If you want to edit your return, you can do so, on e-Filing or the SARS MobiApp.”

Before accepting the auto-assessment, the taxpayer must ensure to review the preloaded information to confirm the accuracy of this data, the firm said.

“Should any data not be corresponding to the original tax certificate, or no tax certificate preloaded, you should immediately approach your employer or medical scheme or retirement annuity fund or other 3rd party data providers to make sure that they have complied with their submission requirements.”

Penalties

The burden of proof under section 102(1) of the Tax Administration Act, rests with a taxpayer since the assessment is essentially based on the facts as submitted by the taxpayer in the return.

An individual who does not agree with the estimated assessment can file an accurate ITR12 tax return within 40 business days of the date of the estimated assessment.

If you proceed with editing the preloaded tax return, and SARS is not satisfied, SARS may select your return for review and verification, said Tax Consulting SA.

“Should you owe SARS money, you can make a payment on eFiling, via EFT or the SARS MobiApp by the specified due date as per your Notice of Assessment.

“Failing to ensure accuracy and timeously filing of your tax return or settling any payments thereon, will lead to administrative penalties. The administrative non-compliance penalty for the failure to submit a return comprises fixed amount penalties based on a taxpayer's taxable income and can range from R250 up to R16,000 a month for each month that the non-compliance continues.”

SARS is Changing Auto-Assessments for Taxpayers

Article: Business Tech
23 June 2022

SARS has introduced some changes to the auto assessment process this year to make it easier for taxpayers to file their income tax returns, says Joon Chong, partner at Webber Wentzel.

An auto assessment is based on data received from employers, medical aids, banks, retirement annuity funds, etc. Once SARS has completed the auto assessment, it will notify the taxpayer by SMS or email, and the taxpayer will be able to view it on the eFiling website or the SARS MobiApp. Taxpayers can view the third-party data that was used to prepopulate the return to check that the data is correct.

If the taxpayer is satisfied that the auto assessment is correct and contains all relevant information, and

a refund is due, they do not need to take any action to “submit” the assessment. If they are satisfied it is correct, but they are due to make a payment to SARS, they must do so within the payment due date specified on the Notice of Assessment (ITA34).

However, if a taxpayer believes the auto assessment is incorrect, or does not contain information on all sources of income (e.g., rental) or allowable deductions, they must access and complete their tax return and file it within 40 business days. If this is not possible, they can apply for an extension before the 40 days is up within 21 business days of the 40 days on the basis of reasonable grounds. Extensions beyond 21 business days will only be granted on exceptional grounds, which may be difficult to justify.

Penalties

There are administrative penalties for the late filing of a tax return. Previously, penalties only kicked in when two or more tax returns were outstanding. However, since December 2021, SARS will levy administrative penalties when more than one tax return is outstanding.

These penalties are based on taxable income, and they can range from R250 to R16,000 for each month that the return is outstanding. These penalties start to mount from the first day that the return is late.

SARS INTEREST RATES	
Rate of interest (from 1 February 2022)	Rate
Fringe benefits – interest-free or low-interest loan (official rate)	5% p.a.
Rates of interest (from 1 March 2022)	Rate
Late or underpayment of tax	7.25% p.a.
Refund of overpayment of provisional tax	3.25% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	7.25% p.a.
Refund of VAT after prescribed period	7.25% p.a.
Late payment of VAT	7.25% p.a.
Customs and Excise	7.25% p.a.

How Moody's, Standard and Poor's and Fitch Ratings work



Credit rating agencies give a credit risk rating to individual companies, stocks, government, corporate or municipal bonds, mortgage-backed securities, credit default swaps and collateralised debt obligations. Credit risk shows how likely a borrower is to default on their obligations to repay a loan.

The rating can be used as a tool by investors to decide on the potential risk or reward. Agencies have analysts who use information such as background data, management forecasts, risk reports and performance forecasts to decide on a recommended rating which is then presented to a committee for voting and once agreed upon will be released as opinions of a particular agency.

Standard and Poor's and Fitch Ratings use the same rating scale and modifiers as each other, while Moody's uses slightly different modifiers to denote similar information. (see table below, source: Wikipedia.org)

Moody's S&P Fitch Creditworthiness

Aaa	AAAAA	And the issuer has extremely strong capacity to meet its financial commitments
Aa1	AA+	AA+
Aa2	AAA	And the issuer has very strong capacity to meet its financial commitments. It falls in the highest-rated debt categories only to a small degree
Aa3	AA-	AA-
A1	A++	And the issuer has strong capacity to meet its financial commitments. It is somewhat more susceptible to headwinds of change in economic conditions than A2
A2	AA	And the issuer has strong capacity to meet its financial commitments
A3	A-	A-
Baa1	BBB+	And the issuer has adequate capacity to meet its financial commitments. It has a good economic condition and a strong track record of meeting its debt obligations
Baa2	BBB	And the issuer has adequate capacity to meet its financial commitments
Baa3	BBB-	BBB-
Ba1	BB+	And the issuer is less vulnerable to the economic and other lower-rated debt categories. However, it faces major going-concern risks and is exposed to adverse business, financial, or economic conditions which could lead to the debt issuer's inadequate capacity to meet its financial commitments
Ba2	BBB	And the issuer is less vulnerable to the economic and other lower-rated debt categories. However, it faces major going-concern risks and is exposed to adverse business, financial, or economic conditions which could lead to the debt issuer's inadequate capacity to meet its financial commitments
Ba3	BB-	BB-
B1	B+	And the issuer is more vulnerable than the debt categories rated BB, but the debt issuer currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions
B2	B	And the issuer is more vulnerable than the debt categories rated BB, but the debt issuer currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions
B3	B-	B-
Caa	CCC	And the issuer is currently vulnerable and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments
Ca	CC	And the issuer is currently highly vulnerable
C	C	The debt issuer is currently highly vulnerable to non-payment. May be used where a bankruptcy petition has been filed
ep	D	And the issuer has failed to pay one or more of its financial obligations (paid or unpaid) when they became due
WR	WD	Rating withdrawn for reasons including debt maturity, caps, conversions, etc. or business reasons (e.g. change in the size of the facility) or issuer default [4]
Unrated	Unrated	This rating was initiated by the ratings agency and not requested by the issuer.
SRD	SRD	This rating is assigned when the agency believes that the debt issuer has actively defaulted on a specific issue or class of obligations, but will continue to meet its payment obligations on other issues or classes of obligations in the future.
NR	NR	No rating has been requested or there is insufficient information which to base a rating.

Getting more Bang for your Business Buck

Business is about making money, so how do you ensure that it is as profitable as possible. Here are some ideas on how to increase productivity and profits within your company.

Calculate your Costs

Before you can move forward with increasing profitability, you need to know exactly where you stand. Profit is about the relationship between revenue and expenditure, so getting an accurate view of operations right down to micro-level such as yield on machinery, delivery costs etc is imperative. Having an in-depth understanding will allow you to focus on result driven activities and put systems in place so that you can consistently keep track thus allowing for you to make great business decisions at a glance.

Streamline Operations

What worked for your business a year ago, might no longer be the best option. Reviewing overall operations is vital. Do you have a large office space but not as many staff as you had? Has the core of your business moved to another area to the one you chose when signing your initial lease? Do you need to upgrade your computer hardware or software in order to increase output? Are your service providers still keeping up their side of the bargain and delivering excellent service? These are all good questions to ask. If all is in order then you can carry on knowing that you have everything you need in place, if not, time to consider alternative options.

Stock Control

Keeping excess inventory on hand might be wasteful, especially if new products are consistently launched in your sector. You also have the added expense of storing and managing it. Negotiate constantly with your vendors for better pricing where possible. Preventing theft and waste within your company can be difficult, try and put systems in place to detect and alert you if issues come up so that you can deal with them immediately. Moving away from paper systems that can get lost can cut costs but if you are relying on computerized systems it is essential to ensure that back-ups to the cloud or external hard drives are done religiously.

Charitable Donations

Please see our article on Page 8

Using External Consultants

The benefits of a consultant may outweigh the employing a permanent staff member, even more so when it comes to complicated matters. Specialists in their field can offer in-depth expertise drawing on a wealth of knowledge and experience. You often land up saving money as consultants have more than one client. Outsourcing to lawyers and tax consultants is preferable as these matters can be complicated and need a increased level of understanding so that you are legally protected. Using social media marketing, external



cleaning services etc may also bring down your costs in the long term while giving you access to great resources.

Investing in Current Staff

Up-skilling your employees can be majorly beneficial in the long term. It is often difficult for people to study externally while working full time but with the employers support this can be a win-win situation. Providing short courses enables flexibility within roles can improve efficiency and productivity. Advanced Excel training, social media training and basic bookkeeping, would all be good examples.

Meetings

Meetings can be time gobblers. Covid saw a move toward online meetings but it seems that we are returning more and more to face-to-face. Each has its own benefits and a balance between the two can save you time and money. A new client might be best met personally initially but after that online might be more economical. If matters can be quickly discussed then perhaps a video call will suffice, saving you not only travel time and petrol costs but also the coffee gathering and settling-down-to-start time.

Personal wellbeing

This might seem a strange way to save money but think about it, if you are run-down, overworked and stressed, you can't give back the energy your business might need. Invest in yourself, go for regular blood pressure and cholesterol check-ups, take time to burn off steam by doing something active and eat well, all this will rejuvenate your zest for life and passion for work.

Look after Existing Clients

Keeping a client costs much less than attracting a new one, and they will more than likely refer you to others. Ensuring that your customer service and delivery on promises is top notch, will keep you in and grow your business. Making this area a priority will surely turn out to be profitable. Small gestures and integrity are key to keeping existing as well as attracting new customers.

Be Fair in your Pricing

Be fair to yourself as well as your clients. Make sure you are covered for increased fuel costs, import fees etc. Why work for almost no profit. After the lockdown, customers noticed unfair rises in costs as some companies tried to make back losses as quickly as possible, this left a sour taste in customers mouths. If you are being fair the chances are that your customer will meet you half way. Offering discounts on bulk ordering can help the company make more money overall. Be wary of offering too many specials that may devalue your products or services or upset existing customers who paid the full price.

The City of Johannesburg's Multi-Party Coalition Government, under Mayor Cllr Mpho Phalatse, has set out the following Mayoral Priorities in a quest to enhance service delivery and improve the overall quality of life.

If they deliver, this could be beneficial to the future of many businesses in Joburg. When looking at them you realise this will be no small feat, but even achieving some of the targets could make a real difference.

This is what they are (quoted text):

Priority 1: A City that gets the Basics Right

Ensure there is clean water and a sanitary environment for every community. Create and maintain public spaces for all to enjoy.

Priority 2: A Safe and Secure City

Safety is non-negotiable; we all crave it; it is important to a quality life and strong economic growth, and we will achieve this through dedicated partnerships, technology and investment in our safety. Be tough on crime, tougher on the causes of crime.

Priority 3: A Caring City

A society can be judged on how it takes care of its most vulnerable residents such as the LGBTQIA+ community, women, children and persons with disabilities. We will

make sure there is an improved healthcare, drug recovery process programmes, support for the homeless, food security programmes, and dignified old age homes.

Priority 4: A Business-Friendly City

Create an environment for economic growth so the entrepreneurs and businesses can invest and create the jobs that will continue to make Joburg the city of opportunities. Bring jobs and investment to the local economy.

Priority 5: An Inclusive City

Make every corner of Joburg a place where residents have all the amenities they need to live a quality life with access to housing and job opportunities.

Priority 6: A Well-Run City

Joburg must become a centre of clean, honest government that puts residents first, spends money wisely and is a pleasure to deal with. We must improve customer service.

Priority 7: A Smart City

A truly successful city make the most of the talent and innovation available. Maximize the use of technology to empower residents and find solutions to our most pressing challenges.



SA's Power Crisis - The Search for Solutions

The power utility, Eskom announced plans in December last year, to lease portions of its land in Mpumalanga, to potential renewable energy projects in the hopes of bolstering generation capacity. The land is close to transmission lines, which ensures grid access for the projects. Eskom launched the tender process in April.

The initiative leverages off regulatory changes, allowing license exemptions for generation facilities of up to 100 MW.

They opened the bid (window 6) of its Renewable Energy Independent Power Producers Procurement

Programme (REIPPP).

The announcement came as the government increasingly looks to renewable energy resources such as solar and wind as it plans to phase out its long-term reliance on coal.

The plan is expected to procure a further 2,600MW of renewable energy.

According to *energypedia.info* currently the South African energy supply is dominated by coal.

Coal supplies 65.7% of primary energy
 Crude oil 21.6%
 Renewable and wastes 7.6%
 Gas 2.8%

Nuclear 0.4%
 Hydro 0.1%

According to an article in *The Conversation*, South Africa has a generation capacity of approximately 58GW of which 38GW comes from coal-powered stations such as Kusile and Medupi.

With rolling blackouts blamed on breakdowns, maintenance and now strikes, load-shedding has had a major impact on businesses across the country and business owners are desperate for long-term solutions.





GIVING Back with help from our clients

Johannesburg Children's Home



Befordview CC - Bowls Section

Hatzolah Charity Day



Child Welfare Germiston - Golf Day



As part of our social responsibility, Accumulo Consulting and our clients have been involved in the above outreach projects. If you would like to get involved, please contact Shaleen.

TAX DEDUCTIBILITY OF BONA FIDE DONATIONS

The Income Tax Act allows for a deduction, against the taxable income of any taxpayer, of any bona fide donation made to, for example, any approved organisation, agency, institution or department of government listed in section 18A(1) of the Act. The deduction is, however, limited to 10% of the taxpayer's taxable income. The amount of donations exceeding 10% of the taxable income is treated as a donation which was made in the following year of assessment.

Any donation must be made with no strings attached (any exchange of services or good will change this from being a donation to an transaction).

Donations must be made to a qualifying public-benefit organisation that is registered with SARS, thereby enabling them to issue a certificate in terms of section 18(a) of the Income Tax Act.

TRANSACTIONS NOT REGARDED AS DONATIONS

Where a transaction is not gratuitous in nature (for example, a once-off payment to secure a contract), there can be no donation as defined and, therefore, no donations tax. Although transactions of this nature may not be subject to donations tax, income of this nature or the proceeds of unlawful activities and/or receipts (such as bribes) are generally taxable.

In addition, section 23(o) of the Act prohibits the deductibility of expenditure (including donations), in respect of corrupt or illegal activities such as bribes, fines and penalties.

Disclaimer: This clarification note only provides general guidelines. It does not delve into the precise technical and legal detail that is often associated with tax, and should, therefore, not be used as a legal reference. I