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# NEWSLETTER

## Issue 2 - 2023

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## It's All About Tax Season

*With the weather ever-changing at this time of year, it is normal to peek outside to check on the season for the day before leaving the house. There is one season, however, that we can be sure will arrive without fail in July, and that is indelibly Tax Season.*

*The upside to submitting tax is the opportunity it provides to consolidate, evaluate and reflect on the previous financial year. The Annual assessment of income and expenditure, profit and loss, and the overall running of your business or home entity, reflects pertinent information on areas you may wish to streamline or grow.*

*At Accumulo Consulting, we take the headache out of tax submissions, working hand in hand with our clients to ensure that all relevant documentation and information is supplied for a smooth transition into the new financial year.*

*Our skilled team works tirelessly to assist you in avoiding penalties and get the best possible outcomes from your tax return.*

*In this newsletter, you will find a selection of relevant and interesting articles on both tax and current affairs. For your convenience, the Accumulo Tax Guide is available for download on our website [www.accumulo.co.za](http://www.accumulo.co.za). We encourage you to make use of this resource for guidance.*

*Just like winter changes to spring, allowing for new growth, you can be assured that this busy period will be behind you in no time, allowing for a fresh start to an exciting business year ahead.*

Best wishes

*Roland and Shaleen*



Download the **Accumulo Tax Guide** at:

**[www.accumulo.co.za](http://www.accumulo.co.za)**

Click on the header:  
**Useful Resources**  
Choose: **Downloads**



# Outreach

Feb - May



Client Donation for the Children's Home Projects that Accumulo support





# EXPLAINER | How SARS has Changed Tax Compliance for Transferring Funds Abroad

## News 24 - Business

### 29 April 2022

With no fanfare or any prior notification, on 24 April 2023, SARS released new enhancements to the Tax Compliance Status (TCS) process, and with immediate effect. These changes will be directly felt by specific taxpayers seeking to transfer funds out of South Africa and will effectively change the ball game for those who have ceased tax residency in South Africa.

#### What has SARS changed?

It may come as a surprise to many that tax and exchange control go hand in hand in terms of South African law. A person who is a "resident" for tax purposes is entitled to transfer up to R1 million abroad before they need pre-approval for any further amounts during a calendar year.

A "non-resident", however, needs pre-approval for every cent that is transferred abroad in a calendar year.

This generally means that, regardless of whether a person is a "resident" or a "non-resident", they may, at some point, need to obtain a Tax Compliance Status (or "TCS") Pin from SARS. This is issued when SARS approves the transfer of relevant funds abroad.

Beforehand, SARS made provision for an "Emigration" TCS Pin and for a "Foreign Investment Allowance" ("FIA") TCS Pin. The former would apply to a person who is transferring funds out of South Africa following the cessation of their South African tax residency. The latter would apply in all other cases involving the transfer of funds out of South Africa. These are now, effectively, one and the same, dubbed an "Approval for International Transfer" or "AIT".

#### Slimmed down, beefed up process

The AIT Pin is now the go-to requirement when it comes to the approval of funds out of South Africa, i.e., more than R1 million for a tax resident, and every cent for a person who has ceased to be a tax resident, per year. This one document replaces the different approvals that were previously needed, simplifying things from this perspective, but the extent of information and documentation required by SARS is far, far more involved, and extensive.

The first important disclosure to be made in the SARS form is whether the taxpayer is considered to be a "resident" or a "non-resident" for South African tax purposes. Where "non-resident" is selected, SARS will require that a Notice of Non-Resident Tax Status (i.e., a "non-resident confirmation letter") be supplied.

Beyond this, before getting to the finer details that SARS requests, three more questions are asked of the taxpayer, i.e., regarding trust beneficiary status, shareholding in companies, and any loans to trusts. If you happen to fall at this first hurdle, then hang on to your seat.

#### Count your chickens

Previously, a taxpayer who applied for either an Emigration or FIA Pin from SARS was required to disclose their local assets and liabilities for the previous three years. Now, taxpayers are required to disclose both their local as well as their foreign assets and liabilities to SARS.

Merely in the *Local Assets & Liabilities* section of the form, SARS outlines no fewer than 19 mandatory fields in relation to different asset categories, spanning from *fixed properties* to *crypto assets*, and all the way to *livestock*. This is closely mirrored in the *Foreign Assets & Liabilities* section of the form.

It is also worth noting that every single asset listed in the Local and Foreign *Assets & Liabilities* forms must be allocated a value, and *at cost*. This is subject to further verification by SARS, in each case, and capturing the relevant information incorrectly may well lead to delay, if not further complications, either in respect of the application for the AIT Pin or further down the line with SARS.

Perhaps, then, please remember to count your chickens, lest you incorrectly disclose this item to SARS.



Another, new requirement is a request to the taxpayer for the sources where the value arose from. This, too, is subject to SARS verification and must be carefully selected. SARS provides nine different types of "source" for selection and a further option for "other" sources. With regard to each source of an amount to be transferred, further information will also be required thereon.

#### Enhanced oversight and enforcement

National Treasury has been promising to strengthen the tax treatment in respect of taxpayers with foreign interests, inclusive of a "more stringent verification process" and the triggering of a "risk management test" that includes the "certification of tax status and the source of funds", since the 2020 Budget Speech.

Perhaps now spurred on by the recent, and unceremonious grey-listing of South Africa by the Financial Action Task Force in February this year, this silent-but-violent change to the TCS Pin request requirements has nevertheless come as a bolt out of the blue. Even South African authorised dealers (i.e., the banks), seem to have been caught unawares by this sudden change.

The introduction of robust, new disclosure requirements by SARS, however, is not itself completely out of left field. Last year, in an event held by the South African Institute of Taxation, in collaboration with Standard Bank and Tax Consulting SA, Natasha Singh from SARS's High Wealth Individuals Unit, affirmed that SARS would seek to "enhance voluntary compliance", and at the same time detect taxpayers "who do not comply" and "make non-compliance hard and costly" for them. These comments, read with SARS's Strategic Plan for the 2021 to 2025 tax years, indicate that this forms part of its larger project to "[d]evelop and implement an enhanced methodology to detect and select non-compliance."

This paradigm shift in the TCS requirements further affirms that SARS has a particular focus on the wealth of taxpayers, locally and abroad, and the basic standard of living for those seeking to financially emigrate or transfer their wealth offshore. Either way, this may now be a mainstay of the compliance burden that rests on taxpayers, and they must indeed be sure to tread lightly.

Perhaps it is evident, based on the extent of the information that is now requested by SARS, taxpayers are cautioned to measure twice and cut once, in terms of the disclosures made to SARS for the AIT Pin. It is recommended that these applications be proactively addressed by a qualified tax practitioner or attorney.

*The views of columnists published on News24 are their own and do not necessarily represent the views of News24 or Accumulo Consulting.*

# Filing Season for individuals runs from July to November (for non-provisional taxpayers), Provisional taxpayers have until the end of January 2024 to file via E filing

Please forward your tax info for completion and submission to avoid being incorrectly auto assessed.  
By submitting on time, you will also avoid PENALTIES.

## Be in control of your tax matters and submit on time!

### Requirements for claiming Home Office Expenses

If the room is regularly and exclusively used for the purposes of your trade, e.g. employment; and is specifically equipped for that purpose. The home office must therefore be set up solely for the purposes of your trade.

If your remuneration consists only of a salary and similar remuneration, your duties must be mainly performed in this part of the home. It therefore means you must perform more than 50% of your duties in your home office.

If more than 50% of your remuneration consists of commission or variable payments based on your work performance, more than 50% of those duties must be performed otherwise than in an office provided by your employer.



#### Home Office Expenses

rent of the premises;  
cost of repairs to the premises; and  
expenses in connection with the premises, which could include:  
rates and taxes;  
cleaning costs; and  
electricity  
office equipment, furniture and fittings, and repairs thereto;  
phones;  
internet;  
stationery.

### BUDGET Highlights

Granting tax relief by adjusting personal income tax brackets and rebates for the effect of inflation.



An expanded tax incentive for businesses of 125% of the cost of renewable energy assets used for electricity generation, brought into use during a period of 2 years from 1 March 2023.



A tax rebate to individuals for solar PV panels of 25% of the cost for a limited period, subject to certain conditions, and capped at R15 000 per individual.



Adjustments to tax tables for transfer duty, retirement fund lump sum benefits and retirement fund lump sum withdrawal benefits, to take account for the effect of inflation.



Increases of 4.9% in excise duties on alcohol and tobacco.



No changes to the general fuel levy and road accident fund levy.



The increase of the health promotion levy on beverages to 2.3 cents per gram of sugar is delayed until 1 April 2025.



### Changes to Foreign Allowance Summary

While changes were expected, the implementation regarding the tax clearance process for transferring funds abroad was done silently. The process has also been re-named to **Approval for International Transfer (AIT)**.

Below are some of the key considerations that we have noted so far.

What is the impact on you as our client?

Aside from the name change, there are a few changes to the e-filing process which may impact your clients:

- Importantly, all existing approvals remain valid with no action required.
- There is no longer a difference between a foreign investment allowance (FIA) and an emigration clearance – AIT applies the same standard to both applications.
- SARS are requesting information around any interest or loans related to local or foreign trusts.
- Any controlling interest (20% or more) in a company needs to be disclosed.
- Detailed local and foreign assets and liabilities will need to be disclosed.
- It is likely that SARS will only approve funds which are liquid or easily liquidated.
- A more precise understanding of the source of funds: SARS are requesting further details for some sources.

In some ways, depending on the client's case, the application process has not changed much. In instances where the client may have interests in trusts or companies or are looking to emigrate, the process may be more involved.

As always, we will keep you updated as we learn more from the front-line. For now, feel free to reach out to us with your needs and we will do our best to let you know what SARS will require for the approval.



## Stocks or Bond?

After your monthly expenses have been met, you may have spare money available that you would like to invest in some form or another.

If you have a bond you could decide to overpay on your monthly requirement so as to lessen the 20 years loan time the bank has given. Once the interest is paid off, you will start to see a steady decrease what is owed on your mortgage in both rands and time.

The question you may be asking yourself is should you pump the extra into your bond and get it over with or try the stock market?

According to analysts the most conservative approach would be to put all your savings into your bond and shy away from markets. Remember, you are not investing in anything however you are reducing your debt a little more each year, thus saving future interest on that amount paid back, which will compound in your favour.

Instead of paying off your bond as soon as possible, you may decide to put your savings into the FTSE JSE All Share Index with dividends being reinvested in that portfolio over time. Therefore, your bond will last the full 20-year term, and you will pay the full amount of interest owed. However, after 20 years, you could have a worthwhile equity portfolio and a paid-off house.

Besides local investments you may choose to look offshore and invest the money in the US S&P 500. In rand terms, you would have had a very similar investment path until about year 15, and then possibly start to pull ahead after that, as the SA market has historically underperformed to the US.

## AI Fake Image Alert Interesting Engineering 28 March 2023

Social media platform Reddit is now being populated with realistic images of events that never occurred, such as The Great Cascadia Earthquake and Tsunami of 2001 and the Blue Plague in Russia. The images have been created with the help of the generative artificial intelligence (AI) platform, Midjourney.

Last week, Midjourney shot to fame for creating dramatic visuals of former U.S. President Donald Trump being arrested. These images were created using only text prompts provided by a user and demonstrated how powerful the technology was becoming in giving out realistic outputs.

The results were made possible with the fifth iteration of Midjourney's generative AI, while the company has barely completed a year of official existence. The features are largely available to subscribers of the platform, who take to Reddit and Twitter to showcase what it is capable of.

The Midjourney subreddit is a treasure trove of images generated by AI and shared by users to showcase their creations. Recently, a user posted an image of the Pope wearing a white puffy coat, which was then shared on Twitter and presumed to be a real image by many people.

While this might be a minor episode that can be easily neglected or dismissed, some users have also created a series of images surrounding an event that mimics photojournalism.

One such event is the solar superstorm of 2012 which starts off with images of the Sun giving out some nasty coronal mass ejections (CMEs), captioned to be the largest ever recorded since 1859, famously known as the Carrington Event.

The thread of images then extends to two NASA spokespersons holding a press conference, then President Obama addressing the nation, scenes from airports where flights are grounded in anticipation of the geomagnetic storm, and New York City going into a preventive

The numbers do indicate that investing in the stock market may be a more profitable than paying off your debt however investing does have some financial risk and is subject to international and political factors that are beyond your control.

You could pay down your debt as soon as possible and then invest after this is done. Paying your bond this way it, could have it paid off from at least 5 years earlier. With this method you will not receive the benefit of time and compounding in the stock market, but you would have a start on a new investment as soon as the mortgage is settled.

The recommendation is to do in-depth research and consult an investment professional to decide what strategy you would be more comfortable with.



*This article is for information purposes only and should not be considered as financial advice. Accumulo Consulting does not take responsibility for investment choices the reader may make.*

blackout to prevent grid overloading.

This is followed by a series of images of auroras spotted over famous landmarks in the U.S., U.K., Europe as well as Australia, as well as damage to the power infrastructure and response to the event.

An even more realistic thread of images showcases a 9.1 Earthquake and tsunami on the western coast of North America in 2001 that apparently destroyed houses and roads in Seattle, Portland, and also parts of Canada. The AI-generated images also showed fire breakouts at shipyards and rescue operations in progress. Emotions of anguish and pain also reflect in these images as one can barely make out if these events did not come to pass.

With no concrete ways of distinguishing if images are AI-generated or not, these can spread real quick on social media platforms and spread panic among people. Worse still, the fake images could be deliberately circulated on social media platforms to spread misinformation or incite violence.

The need of the hour is for domain experts to come together and find out ways where the technology can be used creatively without causing harm to others. Platforms will likely find it tough to keep up with the speed of innovation in this field, and that's why the vigilance against accepting something as real must remain high.

Unless you really want to believe there was a Blue Plague in Russia.



*AI generated image of Blue Plague in Russia.*

# 4 tax updates to watch out for in South Africa

**BusinessTech**

**13 April 2023**

While the 2024 Income Tax return deadline seems a long way off, taxpayers are urged to stay on top of their affairs to best mitigate their tax burden, says Morné Janse van Rensburg, Manager at financial services firm Hobbs Sinclair Advisory.

With recent developments in tax policies over the last two years relating to medical aid, solar financing and more, it has become increasingly important for taxpayers to be aware of how to benefit from them correctly.



## Solar incentive

Between 1 March 2023 and 29 February 2024, individuals who install rooftop solar panels can claim a rebate of 25% of the cost of the panels, up to a maximum of R15,000.

According to finance minister Enoch Godongwana, this could reduce a taxpayer's tax liability in the 2023/24 tax year and is available for one year.

Hobbs Sinclair said that you would be remiss not to jump on this bandwagon sooner rather than later as stock is already limited, and the waiting lists are a few months in.

"Solar PV panels must be installed at a residence that an individual mainly uses for domestic purposes," said the agency.

The firm noted that PAYE taxpayers could then claim the rebate on assessment during the 2023/24 filing season, while provisional taxpayers can claim it against their provisional and final payments.

"It is worthwhile noting that only the individual who pays for the solar panels can claim the rebate and that the solar panels must be brought into use on or before February 2024, accompanied by a Certificate of Compliance to qualify for the rebate," it added.



## Medical Aid

Taxpayers also qualify as main medical aid members for tax credits due to their monthly contributions.

Additionally, one may also qualify for additional medical aid tax credits based on medical expenses paid for by oneself or a dependent that were not refunded by medical aid.

Hobbs Sinclair said these expenses include:

- Services rendered and medicines supplied by any duly registered medical practitioner, dentist, optometrist, homoeopath, naturopath, osteopath, herbalist, physiotherapist, chiropractor or orthopedist;
- Hospitalisation in a registered hospital or nursing home;
- Home nursing by a registered nurse, midwife or nursing assistant, including services supplied by any nursing agency;
- Medicines prescribed by any duly registered physician (as listed above) and acquired from any duly registered pharmacist;
- Expenditure incurred outside South Africa in respect of services rendered or medicines supplied which are substantially similar to the services and medicines listed above;
- Any expenses prescribed by the Commissioner and necessarily incurred as a result of any physical impairment or disability.

The group said that taxpayers often do not submit such expenses to their medical aid because their medical savings have been exhausted or they know it would not be covered.

"However, even if you pay for the expenses in full, it is imperative that these are submitted to your medical aid so that they can include these on your Income Tax certificate for the tax year," said Hobbs Sinclair.

"Although SARS is fully within its rights to request the invoices and proof of payments for these expenses, they are less likely to query the expenses if they are disclosed on your medical aid tax certificate."

The new monthly medical scheme fees tax credit rates for 2023/4 are R364 for the primary member, the first dependant, and R246 for each additional dependant.



## Donations

Any donations made to a SARS-approved public benefit organisation in a given tax year can be claimed as a tax deduction.

This is, however, limited to no more than 10% of one's taxable income before taking the deduction into account.

"Upon donating, the organisation should issue you a Section 18A certificate specifying the date and value of your donation and their relevant details."

"SARS would disallow any donations claimed for tax purposes without this certificate," said Hobbs Sinclair.



## Retirement annuities (RA)

"Although there are no limits to the amount you can contribute to your retirement annuity each year, there is a limit on how much of these contributions will be deductible for tax," says Hobbs Sinclair.

There is a limit of 27.5% of one's remuneration or taxable income – to a maximum of R350,000 per year. If an annual contribution exceeds the maximum, the difference is carried forward to the next tax year.

"Furthermore, if the allowable deductions are not exhausted over the total contribution period, they can be offset at retirement to increase the tax-free portion of the lump sum you receive when you retire," said the group. Despite many taxpayers being aware of the possible deductions, they often wait until the very end of the tax year to determine how much extra they can contribute for a further tax deduction.

"Often, although they wish to make an additional investment, they cannot do so due to insufficient liquidity. However, had they monitored both their cash flow and estimated tax liability throughout the year, this could have been avoided," Hobbs Sinclair said.



## When a Workplace Friendship Oversteps

If you work in an office, you probably encounter a vibrant array of people with various skill sets and different personalities.

As we work side-by-side with colleagues, over time you may find that you get along well and a friendship may develop. Friendships born in the workplace can last years and often move into the realm of personal relationships that extend beyond working hours.

Being happy within your working environment is important and the people within that environment can impact your attitude in going to work. Experts say that a close friend at work can make you happier, more productive, and less likely to quit.

Sometimes though, we can get too emotionally involved you might also find that the friend you have made is starting to lean on you emotionally both during and outside office hours.

You may find yourself being sucked into the turmoil of someone else's personal or work problems or long conversations that impinge on your ability to get your work done.

Regardless of the reason for the breakdown in relations, the first step is to decide on what boundaries you are comfortable with and would like to set. Once you know what you need or want from the interaction, it will be easier to shift the dynamic of the connection to something that serves you both.

Being clear but kind can help let them know that boundaries are being crossed. You could possibly try having an honest conversation, where you express your concerns and explain that you are struggling to focus on your work.

Possibly skipping lunchtime sit-downs or drinks after work and replacing some of the time spent in person with messages or quick calls, could be beneficial. This can help create some physical space between you and lessen the intensity of communications.

When you are together, redirecting conversations to more professional topics or current affairs will distract from discussing more personal issues.

Suggesting alternative professionals they can receive help from, can potentially steer them in a different direction. For work issues, you could recommend they approach HR or if its domestic, perhaps a professional counselor, ie people who are trained experts in their field and have the knowledge to assist.

You may feel uncomfortable initially when altering the dynamic of a relationship but you may have to opt to put personal and professional well-being first.

*This article is for information and entertainment purposes only and does not necessarily represent the views of Accumulo Consulting.*



# Relax...

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# South Africa gets 12<sup>th</sup> Official Language

Cape{Town}Etc

3 May 2023

Sign language will officially be the 12th official language of the country following the unanimous passing of the amendment bill by the National Assembly.

The Constitution 18th Amendment Bill will now be sent to the National Council of Provinces (NCOP) for approval.

Until now, the constitution provided for 11 official languages: isiXhosa, isiZulu, isiNdebele, siSwati, Xitsonga, Tshivenda, Setswana, English, Afrikaans, Sesotho and Sepedi.

Once President Cyril Ramaphosa signs the amendment bill into law, South African Sign Language (SASL) will be recognised as the 12th.

Aimed at promoting equal protection before the law and the rights of people who are deaf and hard of hearing, the bill was introduced and referred to the justice committee in January of this year.

Also read: Four new languages set to serve SA schools including sign language

In response to the call for public comment, Parliamentary Spokesperson Moloto Mothapo said the committee received 58 written submissions from individuals and organisations, most in support of the bill.

'The committee noted the opposing views expressed by a few commentators but submits the recognition of SASL as a 12th official language is an important step towards the realisation of the rights of people who are deaf and hard of hearing,' said Mothapo.

'The committee acknowledged SASL is not a universal language (different countries have their own sign language and regions have dialects), but submits that, in South Africa, it is in the promotion and development of SASL that the various dialects are also recognised.'

According to realsasl.com there are some common myths regarding the South African Sign Language Alphabet? Let's bust them together!

Myth #1: "I know the Sign Language alphabet, so I know Sign Language." Well, not quite. Knowing the alphabet is like knowing the English alphabet - It's mainly used to spell proper nouns when there's no sign available yet.

Myth #2: "If I don't know a word, I can just spell it and all Deaf people will understand." Not so fast. Spelling assumes that the Deaf person knows the language you're spelling in. For example, would you know what "pneumonoultramicroscopicsilicovolcanoconiosis" means if someone spelled it to you?


Myth #3: "I bought an alphabet card from a Deaf person, so I'm supporting the community." Sadly, many people who sell alphabet cards are actually hearing fraudsters. If you want to help, consider supporting Deaf events or donating to Deaf schools.

In any case, it's still important to learn the South African Sign Language Alphabet. Hand-shapes are a crucial part of sign parameters, so knowing them can help you communicate more effectively; there are more than 75 Different hand-shapes.

Below please find the alphabet in SASL for you to practice and learn.

Learn another official SA Language today!

Aa Bb Cc Dd Ee Ff Gg Hh  
Ii Jj Kk Ll Mm Nn Oo Pp  
Qq Rr Ss Tt Uu Vv Ww Xx  
Yy Zz

  
Real South African Sign Language