

## **Newsflash**

### **Income Protection**

In terms of the income tax act if you pay Income Protection premiums you are allowed to deduct these premiums against your taxable income. If your employer pays over these premiums on your behalf they will be reflected on your IRP5. Whilst this will be reflected on your e-filing tax return you need to take certain additional steps to ensure that you are allowed this deduction. Please contact us for further details [tax@tfaglobal.co.za](mailto:tax@tfaglobal.co.za)

### **Income Tax Disclosure Changes**

The new Income Tax forms for businesses has been changed and requires additional information relative to the following

- Sales - The sales figure needs to be split between gross sales and credit notes.
- Salaries need to be split as follows
  - Salaries paid to directors and members.
  - Salaries paid to other employees
- Deductions paid on behalf employees
  - Medical aid
  - Pension
  - Provident fund
  - Group life insurance
  - UIF
  - SDL
- Expenditure incurred directly or indirectly in effecting BEE and/or BEEE.
- Membership of professional bodies.
- Staff training.
- Keyman Insurance premiums.

### **Proper Books and records.**

In terms of the Income Tax and Companies Acts all businesses are required to keep proper books and records. Clients need to be able inter alia be able to fulfil the following criteria

- records showing the assets, liabilities, undrawn profits, revaluation of fixed assets and Various loans;
- a register of fixed assets;
- detailed daily records of cash receipts and payments reflecting the nature of the Transactions and the names of the parties to the transactions (except for cash sales);
- detailed records of credit purchases (goods and services) and sales reflecting the nature of the transactions and the names of the parties to the transactions;
- statements of annual stocktaking; and
- Supporting documents

These records must be accurate and available for scrutiny by SARS and maintained in such a way that transactions can be substantiated. It is our opinion that the use of Excel as a method of record keeping does not necessarily fulfil the requirements and is not an ideal method of recording business transactions; clients should consider the use of recognised accounting software to fulfil these onerous obligations.