

PROFESSIONAL

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**TAX
EDUCATION &
GETTING HIRED**

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**SMALL
BUSINESS
FOCUS**

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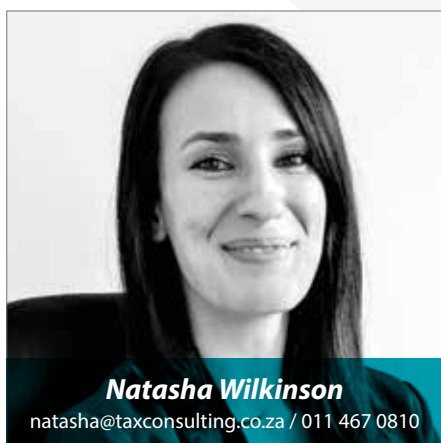
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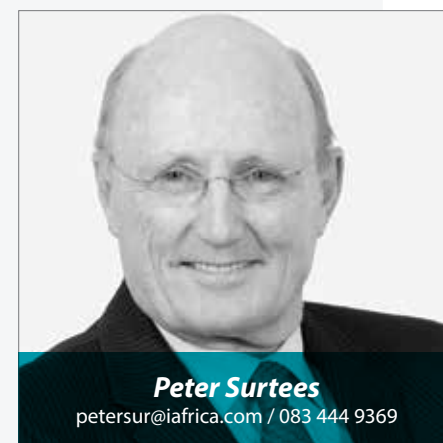
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SMALL BUSINESS CALENDAR



VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

Provisional taxpayers via eFiling (IRP6)

31 January.

Turnover tax return (TT03)

No later than 31 January by manual submission.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

Second payment of Provisional Tax (IRP6)

No later than the last working day of the year of assessment ending 28 February (for companies, trusts and individuals with a February year-end).



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month.

eFiling submission and payment must be done by the last business day of the month.

Employer reconciliation declaration (EMP501 incl. IRP5/IT3a certificates)

Annual period – for the full tax year 1 March to 28 February – due on or before last business day of May.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: - Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

First payment of Provisional Tax (IRP6)

6 months after the approved financial year end date (for companies, trusts and individuals with a February year-end, first period IRP6s are due 31 August).

First submission of payment advice for turnover tax with first payment (TT02)

Last business day of August.

Turnover tax return (TT03)

After the end of the tax year, in line with the submission of the annual income tax returns, between 1 July and 31 January of the following year.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

Employer reconciliation declaration (EMP501 incl. IRP5/IT3a certificates)

Interim period – for the transaction period 1 March to 31 August – due on or before last business day of October.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.



Income Tax Return (ITR14)

Within 12 months from company's financial year-end.

Second submission of payment advice for turnover tax with second payment (TT02)

Last business day of February.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

Third/Top-up payment of Provisional Tax (no return - payment only)

7 months after the year of assessment for taxpayers with February year-end OR 6 months after year of assessment for all others.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories B and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.



Employees' Tax declaration (EMP201)

Within 7 days after the end of the month during which the amount was deducted. (PAYE, SDL, UIF and ETI.)

VAT (VAT201)

For Categories A and C vendors: Manual submission and payment must be done by the 25th of the month. eFiling submission and payment must be done by the last business day of the month.

NOTES

Category A vendors

- Under this category, a vendor is required to submit one return for every two calendar months, ending on the last day of January, March, May, July, September and November.
- The Commissioner will determine whether a vendor falls within this category.

Category B

- Under this category, a vendor is required to submit one return for every two calendar months, ending on the last day of February, April, June, August, October and December.
- The Commissioner will determine whether a vendor falls within this category.

Category C vendors

- Under this category, a vendor is required to submit one return for each calendar month.
- A vendor will fall within this category if :
 - » the total value of taxable supplies made by the vendor has exceeded or is likely to exceed R30 million in any consecutive period of 12 months,
 - » the vendor has applied in writing to be placed in this category, or
 - » the vendor repeatedly failed to perform any obligations as required by the VAT legislation.

SMALL BUSINESS CORPORATIONS

THE TAX DOS & DON'TS



► **ESTHER VAN SCHALKWYK**, evanschalkwyk@bdo.co.za

We look at the tax regime for small business corporations and highlight pitfalls that might lead to inadvertently falling out of the regime.

A small business corporation (SBC) may qualify for favourable tax treatment if it meets certain requirements in the Income Tax Act. The benefits, requirements, and common pitfalls are summarised below.

Benefits

Companies (including close corporations) are generally subject to a flat income tax rate of 28%. SBCs are subject to more favourable tax rates on taxable income up to R550 000. The SBC tax rates for financial years ending between 1 April 2018 and 31 March 2019 are as follows:

- 0% of taxable income up to R78 150
- 7% of taxable income above R78 150
- R20 080 + 21% of taxable income above R365 000
- R58 930 + 28% of taxable income above R550 000

SBCs also qualify for an accelerated depreciation allowance on plant and machinery (or movable assets). Movables owned and acquired by an SBC for a "cost" qualify for this allowance. The "cost" is determined as the lesser of the actual cost to the SBC or the amount that would have represented an arm's length cost. Assets that were acquired by an SBC for no consideration will not qualify. Such assets may qualify for the general wear and tear allowance, based on the amount by which, in the Commissioner's

view, the value of the assets has been diminished during the year of assessment.

An SBC may elect to claim the following deductions in respect of movable assets brought into use for the first time by the SBC:

- Assets used directly in a process of manufacture or similar process: 100% of the cost in the year of assessment in which the asset is first brought into use.
- Other qualifying assets: 50% of the cost in the year of assessment in which the asset is first brought into use, 30% in the first succeeding year, and 20% in the second succeeding year.

SBCs can elect to claim the general wear-and-tear allowance or the special allowance. The latter is usually more favourable from a timing perspective, especially for assets used directly in a process of manufacture.

Special tax treatment

To qualify for special tax treatment as an SBC, the corporation must meet the following six requirements:

1. Corporate entity

Only close corporations, co-operatives, private companies and personal liability companies currently qualify for the SBC regime.



"A small business corporation may qualify for favourable tax treatment if it meets certain requirements in the Income Tax Act."

2. Natural shareholders

Shareholders of the SBC must be natural persons throughout the year of assessment.

3. Maximum R20 million gross income

The SBC's gross income for the year of assessment may not exceed R20 million.

4. Shareholders not to hold shares in other entities

Shareholders or members of an SBC generally may not hold a share or interest in the equity of another company, close corporation or co-operative.

However, shares or interests in some entities are allowed: listed companies, collective investment schemes, body corporates, share block companies and certain associations, friendly societies, venture capital companies as well as companies, close corporations or co-operatives which have never carried on any trade and never owned any assets with a total market value exceeding R5 000. Also allowed are shares in companies, close corporations or co-operatives which have taken certain steps to liquidate, wind up or deregister, on condition that these steps have not been withdrawn or invalidated.

Shareholders or members of an SBC may not hold more than 5% of the interest in certain co-operatives or in certain co-operative banks.

5. Investment income and income from rendering a personal service – 20% rule

Not more than 20% of the total receipts and accruals of the SBC may collectively consist of "investment income" and income from the rendering of a "personal service".

"Investment income" includes dividends, foreign dividends, royalties, rental in respect of immovable property, annuities or income of a similar nature. It also includes interest and proceeds from investment or trading in financial instruments, marketable securities or immovable property.

"Personal service" includes services performed in a wide array of fields if the



- ▶ service is performed personally by any person who holds an interest in the SBC or by a connected person in relation to a person who holds an interest in the SBC. Services will not be regarded as personal services if the SBC throughout the year of assessment employs three or more full-time employees (other than shareholders or members of the SBC, or connected persons in relation to them) who are on a full-time basis engaged in the business of the SBC of rendering the service.

6. Exclusion of personal service providers

A company that is a personal service provider cannot qualify as an SBC for the special tax regime. A company is a personal service provider if:

- a connected person in relation to the company renders services on behalf of the company and the person would otherwise have been regarded as an employee of the company's client;
- the client exercises control or supervision over the manner in which the duties are performed in cases where the duties must be performed mainly at the premises of the client; or
- more than 80% of the company's income from services for the year of assessment consists of or is likely to consist of amounts received directly or indirectly from any one client or an associated institution in relation to a client.

A company will not be regarded as a personal service provider if it (throughout the year of assessment) employs three or more full-time employees (other than shareholders of the company or connected persons in relation to them) who are engaged in the business of the company of rendering the service on a full-time basis.

Pitfalls

Companies held by trusts do not qualify as SBCs, even if all the beneficiaries of the trust are natural persons. The natural persons must hold the shares in the SBC directly.

SBCs should inform their shareholders or members of the prohibition on the holding of shares or interests in the equity of other companies, close corporations, or co-operatives, and the exceptions to this rule. A single shareholder holding prohibited shares in another company may result in the SBC as a whole being disqualified from the regime. Shareholders may unknowingly contravene this rule if they hold shares in dormant or semi-dormant companies. Even if an entity never carried on a trade, it will only be an allowable exception if it never owned any assets with a total market value exceeding R5 000. Entities that previously carried on a trade (no matter how long ago) will only qualify as an allowable exception if formal steps have been taken to liquidate, wind up, or deregister.

To ensure compliance with the 20% rule, receipts and accruals should be classified appropriately. Only amounts that properly constitute consulting fees should be labelled as such. Owner operated companies that mainly provide services will usually fall foul of the 20% rule in relation to income from rendering a personal service. These companies may also constitute personal service providers. To overcome both of these difficulties, a company can appoint three or more full-time employees who are not shareholders or connected persons in relation to the shareholders. Companies will also fall foul of the 20% rule if they derive excessive income from the rental of immovable property (or other investment income). One would therefore not expect SBCs to own substantial immovable property other than immovable property occupied by itself.

When a company's gross income exceeds the R20 million threshold it will, from the commencement of the year of assessment in which the threshold is reached, be taxed at the flat corporate income tax rate of 28%. It is worth benefiting from the SBC regime until this threshold is reached.



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Tax (Juta's Practice Collection)

R Engels-Van Zyl, J Roeleveld, O Mollagee, M Benetello (Current Authors - *Juta's Income Tax*); M Botes (*Juta's Value-Added Tax*); *Juta Law Editors*

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Juta's Value-Added Tax

M Botes

This subscription resource, available online and in an updatable loose-leaf format, offers a user-friendly approach to the legislation. It contains the Value-Added Tax Act 89 of 1991 with a section-by-section commentary and extensive cross-referencing within the text. The commentary deals with the actual words and phrases used in the Act. Reference to other major works on value-added tax in South Africa facilitates further research, and flow charts provide a simple and quick visual reference to the contents of various sections and subsections of the Act.



Juta's Income Tax

R Engels-Van Zyl, J Roeleveld, O Mollagee, M Benetello (Current Authors); D M Davis, G Urquhart (Founding Authors)

Juta's Income Tax contains the Income Tax Act 58 of 1962 and provides a section-by-section commentary thereon combined with concise overviews where appropriate, comprehensive indexing and cross-referencing to case law and other sources. The use of graphic aids and extensive examples make the text accessible and easy to understand.

Prices include 15% VAT, exclude courier delivery, if applicable. Valid until 30 June 2019. Online multiple-user licence pricing is available on request.



SAIT Compendium of Tax Legislation 2019 (Volumes 1 and 2)

Juta Law Editors

This invaluable 2-volume reference work provides the content and tools you need to negotiate the complex tax landscape with confidence. The 2019 edition incorporates all promulgated and proposed amendments as published in the 2018 Amendment Bills as at 1 January 2019. *Juta's Prelex* and *Pendlex* present a comprehensive view of all tax legislation for enhanced legal research. A useful digest of tax cases from 2007 to 2018 is also included. Furthermore, the *Tax in Practice* aids allow readers to easily navigate content within the different tax Acts. Related supplementary material such as Regulations, Notices, Practice Notes, Interpretation Notes and Binding Rulings have been incorporated in Volume 2.



Juta's Indirect Tax 2019

Juta Law Editors

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Tax Administration Act 28 of 2011 & Rules and Related Material 7e (Juta's Pocket Statutes)

Juta's Statutes Editors

This important piece of legislation incorporates into one Act the administrative provisions (except for customs and excise) that are generic to all tax Acts. It also provides the South African Revenue Service (SARS) with substantial powers relating to important administrative aspects of tax, such as the collection of information and the imposition and recovery of tax. The seventh edition of this title in the *Juta's Pocket Statutes* series reflects the law as at 16 May 2018.



Employment Tax Incentive Act 26 of 2013; Skills Development Act 97 of 1998; Skills Development Levies Act 9 of 1999 & Regulations 6e (Juta's Pocket Statutes)

Juta's Statutes Editors

This accessible pocket-sized title series comprises the Acts and regulations, where applicable. It is available separately or as part of the popular 8-volume *Labour Mini-Library*. The *Employment Tax Incentive Act 26 of 2013* is also available as an eBook.

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TURNOVER TAX: WORTHWHILE OR WASTE OF TIME?



► **HERMAN VIVIERS**, herman.viviers@nwu.ac.za and **LEANIE GROENEWALD**, leanie.groenewald@nwu.ac.za

The turnover tax was intended to simplify tax matters for small business owners, to enable them to concentrate on their businesses. Our article looks at whether it achieves that aim.

"Although the turnover tax system appears to be very attractive, taxpayers should be aware that there are still a number of administrative requirements that registered micro businesses need to adhere to."

Taxpayers operating in the small business arena have the option to convert to and account for their taxes under the turnover tax regime which was introduced in South Africa in 2009 and which is regulated in terms of the Sixth Schedule to the Income Tax Act. The turnover tax regime is aimed at providing administrative relief to owners of small businesses and start-up entities who usually do not have the resources to comply with highly complex and administratively intensive tax legislation and systems.

Who qualifies for the turnover tax elective?

To elect the application of the turnover tax system, a person must first meet the requirements (as stipulated under Part II of the Sixth Schedule) to be classified as a micro business. Both a natural person (such as a hairdresser or plumber trading as sole proprietor, or a partner in a partnership) and a company (such as a CC or co-operative) can be classified as a micro business, on condition that its qualifying turnover for the relevant year of assessment does not exceed R1 million. Qualifying turnover represents the total receipts from carrying on business activities but excludes any amount of a capital nature, and any exempt government grant or any amount that is exempt from normal tax received from a small business funding entity.

Who does not qualify as a micro business?

To achieve the objective of providing support to small (micro) businesses and start-up entities within a simplified tax regulatory environment, clear criteria are provided under paragraph 3 of the Sixth Schedule to disqualify certain persons from being classified as a micro business. The following persons do not qualify:

- A person holding a share or interest in the equity of a company, however, certain shareholdings or interests, such as listed shares or shares held in venture capital companies, will be allowed (Detail on permissible shareholdings is provided under paragraph 4 of the Sixth Schedule to the Act.)
- A natural person, if more than 20% of their total receipts for a year of assessment consists of income derived from the rendering of a professional service



- A company, if more than 20% of its total receipts for a year of assessments consists of investment income (such as annuities, dividends, interest and royalties) and income derived from the rendering of a professional service
- A person classified as a "personal service provider" or "labour broker"
- A person who holds capital receipts from the disposal of capital assets (used mainly for business purposes) over a three year period that exceed R1.5 million

What are the core benefits of the turnover tax system?

Unlike income tax where a taxpayer is taxed on net profit (taxable income after allowable exemptions and tax deductions), turnover tax is a tax levied solely on total receipts (turnover). Therefore, turnover tax is beneficial in that it immediately eliminates the burden of keeping detailed records of expenditure. Turnover tax is also a stand-alone tax which effectively replaces other tax types such as income tax (including CGT), donations tax and (to some extent) dividends tax.

Turnover tax is calculated by applying a specific tax rate to the taxable turnover of a micro business. To compensate for the fact that a micro business is not allowed to claim any tax deductions or capital allowances in the determination of its taxable turnover, a reduced turnover tax rate (ranging from 0% for taxable turnover not exceeding

R335 000, to a maximum of 3% for taxable turnover exceeding R750 000) is applied. These rates are significantly lower compared to the applicable tax rates ranging from 0% to 28% for entities classified as a small business corporation (SBC) under section 12E of the Income Tax Act, and also to the maximum tax rates of 28% and 45% to be applied to the taxable income of a company (not classified as a small business corporation) and a natural person, respectively.

In addition, the Sixth Schedule, which regulates the turnover tax system, is viewed as a clear, easy to read and interpret, and very user-friendly piece of legislation. The latter contributes toward the reduced risk of facing tax penalties due to the incorrect application of, or non-compliance with, tax legislation. Because the turnover tax system is less complex, micro businesses could save money by completing and submitting their turnover tax returns themselves, rather than appointing tax practitioners to fulfil these functions.

Is turnover tax always the best option?

Although the turnover tax system appears to be very attractive due to benefits such as lower tax rates and reduced administrative burdens and compliance costs, taxpayers should be aware that there are still a number of administrative requirements that registered micro businesses need to adhere to. These requirements include the following: ▶

- ▶
 - Registration: A person who voluntarily elects to become a registered micro business should register with SARS before the beginning of its year of assessment or within two months after the date on which it commences business activities.
 - Record keeping: Detailed records should be kept of all amounts received and dividends declared by the registered micro business during its year of assessment. A list of each asset and each liability with a respective cost or value exceeding R10 000, and still held by the end of the year of assessment, should also be maintained.
 - Interim payments: Two interim turnover tax returns and payments, based on an estimate of the micro business' taxable turnover for the year of assessment, need to be submitted and paid by the registered micro business on the last business days of August and February each year. These payments are similar to payments that provisional taxpayers must make.
 - Employer responsibilities: Registered micro businesses that are employers are still required to comply with the payroll duties of an employer, such as calculating, collecting and paying PAYE, SDL and UIF to SARS on behalf of their employees on a monthly basis. However, an option to only make these payments twice a year is available under paragraph 11(4A) of the Sixth Schedule.
- In addition, other factors need to be considered to determine whether adopting the turnover tax system will in actual fact be beneficial for a specific micro business. Examples of these factors are as follows:
- Start-up entities usually find themselves in a loss-making position during the initial phases of their business activities, i.e., expenditure commonly exceeds turnover. These entities should carefully consider their tax position. Under turnover tax, a tax will be levied on the turnover, i.e., receipts, and no deduction of expenditure or capital allowances is allowed. In comparison, under income tax, during these initial phases assessed losses will be recognised with no resulting tax liabilities. An additional benefit can also be obtained, as assessed losses can be set off against future taxable income.
 - The argument that turnover tax replaces the withholding responsibilities of dividends tax is only true to a certain extent. Section 64F(1)(h) of the Act determines that cash dividends paid by a micro business to its shareholders will only be exempt to the extent that the aggregate amount of those dividends does not exceed R200 000. Thus, a micro business paying dividends in excess of R200 000 will be responsible for withholding dividends tax on behalf of holders of its shares on the dividends above R200 000, resulting in an additional administrative burden for the registered micro business.
 - To qualify for the benefit to claim input tax on expenditure relating to the making of taxable supplies, a registered micro business is allowed to register as VAT vendor. This can only be under the voluntary VAT registration requirements, as its qualifying turnover needs to be below the R1 million threshold to qualify as a micro business for turnover tax purposes. If a micro business is voluntarily registered as a VAT vendor, it effectively means that detailed records of all expenditure must be kept in order to account for input tax on such expenditure. The benefit of not having to maintain records of expenditure under the turnover tax system is therefore forfeited once a micro business also voluntarily registers as a VAT vendor.
 - The type of services rendered is another crucial factor to consider. Where income is derived from professional services, the risk exists that the person could be disqualified from being registered as a micro business. These services, like accounting or health services, are defined in paragraph 1 of the Sixth Schedule. If more than 20% of that person's total receipts comprises professional service income they no longer qualify for the turnover tax.

Careful consideration

A taxpayer will not be allowed to switch between the turnover tax system and the normal income tax system. Once a person is deregistered for turnover tax, that person may never again be registered as a micro business. Thus, in considering whether to turn to turnover tax or not, each taxpayer needs to carefully assess their own unique position to choose the system that will be most beneficial from a tax perspective.



SMALL BUSINESS RETURNS

PREPARERS, TAKE CARE

► **CANDICE MULLINS**, candice@thetaxhouse.co.za

Our article looks at the importance of submitting complete and accurate returns to avoid dire consequences, and also explores key considerations to be taken into account by the preparer of an ITR14.



When *TaxTalk* approached me to write this article I jumped at the opportunity, forgetting that I have long ceased submitting the actual tax returns myself and spend most of my time consulting around the specific issues contained within them. In an effort to get back up to speed, I dusted off the cobwebs and embarked on submitting a few company tax returns. What used to take no time at all in years gone by ended up taking far longer than I had expected. In an effort to ensure that I covered most of the basics, at least with regard to small business for purposes of this article, I summarised in total 78 key considerations/questions that I would be required to deal with every time I submit a company tax return. This article does not cover all of these but provides guidance on some of the more important ones. Each aspect would require significant knowledge of the Income Tax Act (including international tax and transfer pricing principles) and specifically detailed knowledge about the taxpayer, its corporate structures and transactions throughout the year of assessment, both within and outside South Africa.

It is evident that over the years that the income tax return for companies (ITR14) has become more wide-ranging and comprehensive. Business has become inherently more complex as cross-border activities have become the norm, even for small to medium businesses. Selling goods or services online is also a common activity.

Using inexperienced junior staff to complete a company tax return may result in errors or misinterpretation of the data leading to incomplete or inaccurate returns. It is not only the numeric

information that requires 100% accuracy but also other information such as contact details, bank details, identification numbers and a host more. Too many times, we tend to carry over information from the previous tax returns without confirming whether there has been a change. Although the ITR14 does have certain checks and balances (for example, if the gross income disclosed on page 1 does not match the income statement section, the ITR14 cannot be submitted or printed), these limited controls cannot be relied upon to detect all inconsistencies disclosed.

Consequences of an error

It has been our experience that when returns are submitted late or after deadline date, or information is inconsistent, inevitably a verification or audit will follow.

A late or incorrect company tax return (IRP6 or ITR14), whether deliberate or inadvertent, may result in a financial sanction in the form of unwanted administrative penalties (Chapter 15 of the Tax Administration Act) or underestimation penalties or worse, criminal sanction (Chapter 17 of the Tax Administration Act or common law). The Tax Administration Act places the burden on the taxpayer and, by proxy, the tax practitioner to ensure that the tax return is complete and accurate regardless of whether the amounts involved are material or not. Administrative penalties are usually fixed amount penalties and understatement penalties are usually percentage based. In the extreme, a person wilfully or without cause not notifying SARS of a change in registered particulars, for example, commits a criminal offence. Maintaining accurate records to substantiate all submissions is essential.

Understatement penalties

Underestimation penalties range from between 0% to 200% depending on the circumstance. Section 223 of the Tax Administration Act requires that SARS takes into consideration culpability and aggravating or mitigating circumstances involved.

- Was there a substantial understatement?
- Was reasonable care taken?
- Are there reasonable grounds for the omission or error?
- Does the transaction involve an impermissible avoidance arrangement?
- Was there gross negligence and/or intentional evasion?

A harsher penalty will result if the disclosure was made after the taxpayer has been notified of an audit or criminal investigation. It will not help the taxpayer's cause if the misdemeanour was obstructive or a repeat case.

It should be noted that in extreme cases, a mischievous representative taxpayer may find himself or herself serving prison time of up to two years.

Reportable arrangements

One should also keep in mind that apart from the obligations of the ITR14, the taxpayer must report certain arrangements to SARS. There are some broad criteria and, in addition, more specific arrangements as listed in the *Government Gazette* No 38569 of 16 March 2015 and in *Government Gazette* No 39650 of 3 February 2016. If any arrangement meets the criteria, there is an obligation to report such an arrangement to SARS within a period of 45 days. Also refer to the *Reportable Arrangements Guide* published in March 2005. One of the specific questions asked in the ITR14 is whether the company entered into such a reportable arrangement.

Exchange of information

With the introduction of information sharing between different jurisdictions around the world, there is now a mechanism for SARS to audit information and cross-check submissions made. The OECD Global Forum Working Group has developed tax information exchange agreements (TIEAs). The purpose of the agreements is to promote international co-operation in tax matters through exchange of information. Many countries around the world, including South Africa, form part of these co-operation agreements.

Differences between accounting treatment and tax treatment


International Financial Reporting Standards

International Financial Reporting Standards (IFRS) are the stock standard used to prepare corporate annual financial statements. The accounting treatment of specific items per the annual financial statements is often substantially different to the tax treatment. Consider fair value adjustments, accounting losses, payments received in advance, sale and leaseback arrangements and provisions for doubtful debts, to name a few.

A detailed tax calculation should always accompany a set of annual financial statements so that the submitter of the ITR14 is able to reconcile the accounting profit or loss to the taxable income or loss.

Deferred tax

Although deferred tax is an accounting principle, its calculation stems from the permanent and temporary differences arising from the different accounting and tax treatments mentioned above. A tax reconciliation found in the notes to the income statement provides a good check and balance to determine whether the income tax calculation is in fact correct.



"A detailed tax calculation should always accompany a set of annual financial statements."

Audit, review or compilation

The person submitting a tax return must understand the difference between a “compiled”, “reviewed” or “audited” set of financial statements and how to determine this by referring to the signed accounting officer’s or auditor’s report.

What are the implications of a “Yes” or “No” answer?

When answering the opening questions on the ITR14 (e.g., on page 1 and page 4), it is imperative that the person submitting this information understands the question and its origin in the Income Tax Act or Tax Administration Act and also its consequence in so far as the potential tax or penalty implication that will result from a “yes” or “no” answer.

Questions covered in the yes and no section of the ITR14 include:

- Have banking, public officer and contact details been verified and confirmed as correct? (A “no” answer will disallow the submitter to continue completing the return.)
- Is the company dormant?
- Is it a share block or body corporate?
- Did the company have a capital gain or loss?
- Was debt reduced which originally funded allowance assets or capital assets?
- Is it a small business corporation as defined by section 12E?
- Is the corporate operating in a special economic zone?
- Did the company invest in a SARS approved venture capital company?
- Will there be PAYE credits to claim?
- Will there be foreign tax credits claimed other than capital gains tax – section 6quat or a treaty? Is there tax credit refunded from a previous year of assessment?
- Is the company in a partnership or joint venture?
- Is the company a resident in South Africa for income tax purposes?
- Did the company qualify for an urban development zone deduction?
- Did the company enter into a reportable arrangement?
- Were dividends declared?
- Does the company form part of a group of companies?
- Does the company form part of a multi-national group?

The submitter should understand why SARS is asking for this information.

The above questions will also result in the ITR14 being customised to make additional fields available to complete. These fields provide SARS with more information in relation to the transactions or structures mentioned in the opening question.

What about the IT14SD?

The IT14SD is a supporting declaration which is often requested by SARS after the submission of the ITR14. Before submitting the company return, the supporting documentation should include a reconciliation between the information in the VAT and PAYE returns and that disclosed in the annual financial statements. When SARS requests submission of the IT14SD, the information is then readily available for submission to SARS.

Donations

One of the questions on the ITR14 is whether donations are made in terms of section 18A. Additional fields are made available when a “yes” answer is ticked. These fields ask the preparer to provide information concerning each donation. A deduction will only be granted if valid public benefit organisation registration numbers are provided on the return.

The income statement should always exclude the section 18A donations as these will be completed in a separate section of the tax return.

NEED A HELPING HAND?

The SARS guide, *How to complete the company income tax return ITR14 eFiling*, is a helpful resource for anyone submitting an ITR14.



AMOUNTS RECEIVED

IN ADVANCE



► **NONHLANHLA JIYANE**, nonhlanhla@chiliandco.co.za

Our article considers the disconnect between accounting principles and the Income Tax Act when it comes to advance payments and provides some tips on how to deal with this in practice.

In business it is not unusual that amounts are received in advance. Amounts received in advance for services to be rendered are included by the taxpayer in gross income in the year of assessment when the receipt occurs. This applies even if the services are to be rendered over a number of periods. The taxpayer cannot apportion this receipt over the years of assessment.

Revenue or capital

Amounts of a revenue nature received in advance must not be confused with capital amounts, for example loans that are payable in the future. The following amounts received in advance are included in gross income when they are received because they are revenue receipts not capital receipts:

- Rental deposit received before the rental is due
- An amount received in advance for construction of a building
- Salary or fees paid in advance

Accounting or tax principles?

Amounts received in advance may result in an overstatement of income for that particular year of assessment and not reflect the true profits in accounting terms. Unfortunately, or fortunately, the Income Tax Act is not based on accounting principles. It taxes receipts or accruals when they occur, whichever comes first. This has been viewed as the anomaly created by the definition of "gross income" as contained in the Act. It does not consider the economic aspect of the transaction.

There are some cases where taxpayers have approached the courts. The taxpayers' arguments were based on accounting principles, not that the amount was never received. In accounting terms, amounts received in advance for services to be rendered or goods to be delivered will be treated as liabilities. If services have not been rendered or goods have not been delivered, the amount in question has not been earned. If it has not been earned, it is not income but should be accounted for as a liability in terms of International Financial Reporting Standards (IFRS). As mentioned above, the court's view is that the Income Tax Act is not based on accounting principles.

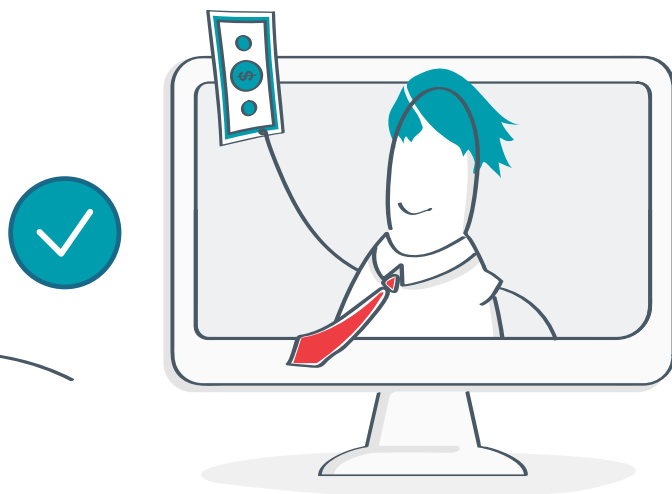


The "own benefit" rule

There is an exception to the "receipt or accrual" rule in income tax. Deposits and receipts in advance are not included in gross income if they are trust monies not held by the taxpayer for their own benefit. The emphasis in most of the cases is that amounts to be included in gross income must have been received by the taxpayer on their own behalf and for their own benefit.

As an example, an attorney could receive moneys in trust on behalf of a client. The moneys received will not be included in the gross income of that attorney because she has received the money not on her own behalf and not for her benefit.

Another example is moneys received by a parent as a guardian of a child. This amount will be included in the gross income of the child. It will not be included in the gross income of the parent because the receipt or accrual of the money is not for the parent's own benefit.



Court findings

In ITC 525, the issue that was put before the court was whether the taxpayer by contract could determine in which years of assessment an amount was to be included in his gross income. This possibility was dismissed by the court, citing the fact that the Income Tax Act states that income is included in gross income in the year of receipt or accrual, whichever comes first. This principle could not be overridden by any contractual agreement.

In ITC 702, the critical issue was to determine whether the whole or only part of the consideration of amounts received should be included in the taxpayer's gross income for the year of assessment in question. In summary, the taxpayer was to render similar services to the company in future years of assessment. The representative of the company went further saying that the whole amount was not to be included in gross income in the year of receipt, but it should have been apportioned and be included in proportions over the ten-year period.

The Income Tax Act does not allow apportionment of amounts received or accrued and the Commissioner does not have authority to apportion, since he is governed by the Act. There is not a practice note on apportionment or a known definitive case dealing with apportionment.

The taxpayer lost the appeal because the amount was not of a capital nature and it had been received by the taxpayer in that year of assessment. If an amount received by or accrued to a taxpayer is not of a capital nature, it will be included in gross income in terms of the definition of "gross income" in section 1 of the Income Tax Act.

The issue of received by was also dealt with in the Zimbabwean case COT vs GVT. The taxpayer was a government employee in a position of responsibility entrusted by government with secret operations. He abused his position of trust to request from the government from time to time more money than was legitimately required. The taxpayer misappropriated the funds for his own benefit. The excess money was either put in his bank account or used to buy goods for his private consumption.

The Commissioner included the money fraudulently received by the taxpayer in his gross income and it became assessable to tax. In fact

the Commissioner went further and imposed penalties. The argument by the Commissioner was based on the fact that gross income as defined in the Income Tax Act included every amount received by a taxpayer in a year of assessment. The taxpayer received the amounts that he stole and therefore those amounts had to be included in his gross income.

Practical guidelines

The Income Tax Practice Manual provides the following guidelines [Income Tax Manual (2004), Issue 14 pages A-29]:

- An advance payment in view of termination of a contract of service is an accrual on the date of its receipt.
- In terms of section 8(1)(a) any allowance or advance paid by an employer to a director, employee or another person for travelling expenses or another service must, to the extent that it cannot be proved to have been actually expended by the recipient on travelling, be included in the recipient's taxable income.
- Payments received for services to be rendered must be included in gross income as defined, provided that the amounts are received during the year of assessment and are not of a capital nature.

Keeping moneys separate

In another case, an undertaker put a scheme in place. The scheme, subject to certain conditions, resulted in the undertaker receiving payments in advance for funeral services to be rendered in future. These amounts were included in the gross income of the taxpayer and subjected to tax. The taxpayer appealed to the Special Court. The Special Court dismissed the appeal and held that the amounts received for future services constituted the ordinary revenue or income of the business. The court went further and stated that the moneys so received were not put in a trust fund and that the taxpayer had at all material times dealt with these moneys in the ordinary course of his business as his own property.

This case illustrates the fact that it is important to separate moneys received for services to be rendered in future. If these moneys were deposited in a separate bank account, not as part of the taxpayer's funds, the decisions arrived at by the Special Court could have been favourable to the taxpayer.

Entitlement

It is clear that in pure accounting terms taxpayers are not entitled to moneys received in advance until the relevant services have been rendered. Unfortunately, as mentioned in a number of cases, the Income Tax Act is not based on accounting principles. The definition of "gross income" could be brought in line with adopted accounting principles. But seeing that in recent years our accounting standards have been changing at an alarming rate, the alignment would be difficult to maintain.

FIXED ASSETS & CAPITAL ALLOWANCES



► **JOHAN HEYDENRYCH**, johan.heydenrych@kpmg.co.za & **MARINA PRETORIUS**, Marina.Pretorius@kpmg.co.za

The tax adjustments relating to owned depreciable fixed assets remain one of the highest risk areas when submitting an ITR14. In this article, we take a high level look at some of the risk areas associated with depreciable fixed assets.

The first part of this article outlines the detailed adjustments to be made from accounting entries to arrive at taxable income. The importance of a complete and accurate tax asset register is highlighted. The second part focuses on technical pitfalls and opportunities for which a tax practitioner should be on the lookout. Please note that we only consider the tax treatment of “owned assets” and not “leased assets”. The topic of adjustments required on leased assets deserves an article in its own right – in particular once IFRS 16 is adopted by a taxpayer.

Arithmetic accuracy

When completing ITR14s, tax practitioners are required to reverse the accounting entries relating to fixed assets and make adjustments to arrive at the taxable income of the taxpayer. It is not sufficient for the tax practitioner to only understand the Income Tax Act, but also to have a solid understanding of the accounting principles underlying fixed asset disclosures.

Step 1: Detailed adjustments

These adjustments are summarised as in the table below.

REVERSE ACCOUNTING ENTRIES	INCLUDE TAX ALLOWANCES OR ADJUSTMENTS
<p>ADD: Depreciation per the financial statements</p> <p>ADD: Asset impairments per the financial statements</p> <p>ADD/DEDUCT: Asset revaluations processed via the income statement</p>	<p>DEDUCT: Capital allowances per the Income Tax Act. These include but are not limited to:</p> <ul style="list-style-type: none"> • Section 11(e) wear and tear • Section 12B farming and renewable energy • Section 12C manufacturing allowance • Section 13(1) and section 13quin building allowances • Section 11(g) leasehold improvement allowances
<p>ADD: Loss on sale of assets or deduct profit on sale of assets per annual financial statements</p>	<p>DEDUCT: Section 11(o) allowance on sale of assets</p> <p>ADD: Section 8(4)(a) recoupments up to the original cost of the asset</p> <p>The tax practitioner must also consider whether or not a capital gain or capital loss arises and must ensure compliance with the Eighth Schedule to the Income Tax Act.</p>
<p>ADD: The cost of any capital assets written off for accounting purposes</p>	<p>A separate schedule for these "minor assets" should be maintained since they are invariably not disclosed on the tax asset register.</p> <p>The appropriate capital allowances should be claimed – mainly section 11(e) and 12C. The tax values at the end of each tax year should be accurately recorded.</p>

Step 2: Check of completeness

Once the above detailed steps have been completed, the tax practitioner should perform a test of completeness of the adjustments made. This check of completeness is as follows:

DEDUCT:	Carrying value (book value) of owned assets per AFS at end of <i>current year</i>
ADD:	Tax value of owned assets (including minor assets) per the tax asset register at end of <i>current year</i>
ADD:	Carrying value (book value) of owned assets per annual financial statement at end of <i>prior year</i>
DEDUCT:	Tax value of owned assets (including minor assets) per the tax asset register at end of <i>prior year</i>

The net amount calculated above must always agree with the detailed adjustments calculated under Step 1 (excluding capital gains and the component of accounting profit on sale of assets exceeding original cost).

In the event that there is a discrepancy between the net amounts calculated under step 1 and step 2, it is an indication that an error occurred. The error may be due to one or more of the following:

- Additions and / or disposals per the tax asset register do not agree with additions and / or disposals per the accounting asset register. These differences should be further investigated.

- Inaccurate add-backs of depreciation or profit or loss on assets.
- Arithmetic errors on the tax asset register, e.g., formula errors.
- Calculation errors in the application of section 8(4)(a) or section 11(o).

In practice, we find that the tax asset register often receives significantly less attention from management than the accounting asset register. Invariably, if the above check of completeness does not balance, it indicates an error on the tax asset register.

Once the basic arithmetic accuracy of the tax adjustments (and integrity of the tax asset register) is confirmed in this manner, the tax practitioner should proceed and consider detailed underlying items in the tax asset register in more detail.

Tax technical considerations

In this part we highlight certain tax technical errors often observed.

Leasehold improvements

An allowance is claimed where the lessee is "entitled" to effect improvements. This is incorrect, since the lessee must be "obligated" to effect the improvements before a section 11(g) allowance is available. The other requirements of section 11(g) must also be complied with.

Owned movable assets are often roughly categorised for accounting purposes as "leasehold improvements". Examples include back-up generators, security systems, audio-visual equipment and movable partitions. Whilst section 11(g) is not available, the potential availability of section 11(e) should be investigated.

Repairs and maintenance is often capitalised for accounting purposes as leasehold improvements, whereas a section 11(d) allowance is available for tax purposes. Examples include the replacement of tiles and carpets, and repainting. Section 11(d) is available on property "occupied for purposes of trade" and ownership of the property is not required.

Section 12C vs section 11(e)

A deduction under section 11(e) is often incorrectly claimed on assets used in a process of manufacture instead of under section 12C. It is important to note that a taxpayer does not have a choice between section 12C and 11(e). If section 12C is available, then a claim under section 11(e) is prohibited.

The fact that the section 11(e) allowance may be lower than the section 12C allowance is irrelevant, since tax is an annual event and the taxpayer may be precluded from requesting reduced assessments after the expiry of three years, where a taxpayer claimed a lower allowance than it is entitled to under section 12C. The taxpayer may be liable for understatement penalties if it claims a section 11(e) allowance after the allowable period for 12C (generally four years). ▶

- ▶ It is not only the description of an asset that indicates whether section 12C or 11(e) is applicable, it is also the use and location of an asset that is relevant. By way of example, a forklift used directly in the process of manufacture may qualify for a section 12C allowance whilst a forklift used in a warehouse may qualify for a section 11(e) allowance.

Assets below R7 000

It should be noted that the special dispensation for assets below R7 000 – to be claimed in full in the year of acquisition – applies to section 11(e) assets only and not to section 12C or 12B assets.

Section 12P: Exemption of government grants

Where a taxpayer receives a government grant that is exempt under section 12P of the Income Tax Act, the overall capital allowances claimed on the asset may not be more than the cost of the assets less the grant received. Taxpayers often reduce the depreciable cost of the asset instead of applying section 12P as an overall limitation on the allowance.

By way of example, the section 12C allowance on an asset with a cost of R1 000 with a related section 12P allowance of R300, is R400 in year 1, R300 in year 2 and R100 in year 3. The total claim is limited to R700. Taxpayers often reduce the cost price of the asset subject to section 12C and claim a reduced cost of R700 on a 40/20/20/20 basis.

Section 11(o)

Section 11(o) is unavailable whenever assets are sold to connected parties.

Section 13quin allowances

A 5% annual allowance in terms of section 13quin is available on certain buildings. It is not available on some costs that are often included in the cost of buildings for accounting purposes. These are:

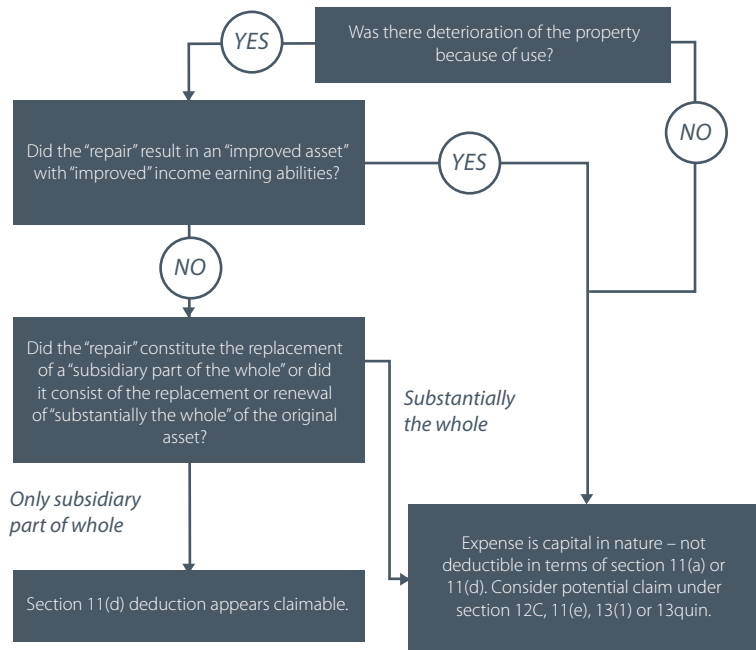
- The cost of land
- The cost of landscaping, walkways, features and fencing
- The cost of driveways and open parking bays

On the other hand, costs that may qualify for allowances under section 11(e) are often misclassified as a part of the building. Examples include the cost of back-up generators, elevators, security systems and furniture and fittings.

"It is not sufficient for the tax practitioner to only understand the Income Tax Act, but also to have a solid understanding of the accounting principles underlying fixed asset disclosures."

Correct application of section 11(d)

Section 11(d) is often applied incorrectly in practice. An overly conservative approach is often followed where repairs are capitalised and subjected to sections 11(e) and 12C. Alternatively, capital expenditures are incorrectly claimed under section 11(d) even though an improvement occurred or the asset has been substantially changed. Section 11(d) may be summarised as follows:



In conclusion, taxpayers should avoid costly disputes with tax authorities by “Getting it right the first time...”. Taxpayers and tax practitioners are advised to spend quality time on the integrity and technical accuracy of tax asset registers before any ITR14s are submitted.





PIFRS
PI Financial Risk Services

UNDERSTANDING PROFESSIONAL INDEMNITY COVER



PROFESSIONAL INDEMNITY (PI) COVER CAN BE TRICKY TO UNDERSTAND. HERE ARE SOME SIMPLE EXPLANATIONS COVERING IMPORTANT ASPECTS OF YOUR COVER.

WHAT DOES PI INSURANCE COVER?

The PI policy generally covers you against claims instituted by clients or third parties alleging negligence or breach of professional duty. It provides cover for the following:

- Legal defence and/or settlement costs
- Damages, if awarded against you
- Defamation
- Loss of documents
- Copyright infringement
- Statutory defence costs

A PI POLICY PROVIDES COVER ON A “CLAIMS MADE” BASIS

The policy provides cover for “claims made” (and reported to insurers) during the period of the insurance policy only. What does “claims made” mean?

- A claim or circumstances that the insured was aware of before the policy period is not covered. Similarly a claim after the policy period has expired is not covered.
- It is therefore of the utmost importance to report matters to insurers as soon as you become aware of them. This could be in the form of a summons, allegations of negligence, threats of legal action or even just verbal criticism.
- In the case of a renewal, you must report any known matters prior to the renewal. If you intend changing insurers this is even more important.
- Once a claim or circumstance has been reported, insurers are obliged to protect the insured against that claim. This is true even if the policy period expires and you do not renew the policy.

If you have any queries or require further information please contact 011 510 1300 or info@pifrs.co.za

**"PI POLICY GENERALLY
COVERS YOU AGAINST
CLAIMS INSTITUTED
BY CLIENTS OR THIRD
PARTIES ALLEGING
NEGLIGENCE
OR BREACH OF
PROFESSIONAL DUTY."**

PI INSURANCE AS A

sait MEMBER

Did you know that as a SAIT member, Professional Indemnity Insurance cover is automatically included in your membership fee?

For more information about your PI Insurance cover, please contact Senior Account Executive Taisa Bezuidenhout at sait@pifrs.co.za

FACTORS AFFECTING THE VALUE OF TRADING STOCK ON HAND



► PETER SURTEES, petersur@iafrica.com

Our article examines the difference in valuing trading stock for tax purposes or for accounting purposes, in the light of a recent Supreme Court of Appeal finding.

On 19 September 2018 in *CSARS v Volkswagen SA (Pty) Ltd* (1028/2017) [2018] ZASCA 116, the Supreme Court of Appeal found in favour of SARS in the manner of valuing trading stock at year end. In dispute was whether International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS) applied to the valuation of trading stock for tax purposes. The court found that these do not supersede income tax legislation and principles.

Net realisable value

VWSA had closing stock consisting of unsold vehicles; some manufactured, some assembled, some imported and second hand vehicles from its own fleet. In terms of section 22(1)(a) of the Income Tax Act, VWSA had to value these for tax purposes. It applied the IAS-2 and IFRS method to determine net realisable value, which yielded an amount less than cost price. VWSA claimed the difference as a deduction from cost price.

SARS rejected VWSA's calculation and issued additional assessments, reflecting substantial increases in the value of the stock, against which VWSA had objected and successfully appealed in the Tax Court.


The Income Tax Act

The Supreme Court of Appeal pointed out that section 22(1)(a) provided that a taxpayer who claimed that the net realisable value of an item of stock was less than its cost price would have to satisfy SARS that this claim was acceptable, based on damage, deterioration, change of fashion, decrease in the market value or any other reasons satisfactory to SARS.

Section 22(3) provides for the addition to the actual price paid for the goods of costs incurred in getting them into their current condition and location, and any further costs required to be included in terms of any generally accepted accounting practice approved by the Commissioner. VWSA used the net realisable value method for this purpose, and included rework or refurbishment costs, outbound logistics, marine insurance, sales incentives, distribution fees, warranty costs, costs relating to the "Audi Freeway Plan" and the "Volkswagen AutoMotion Plan"; and roadside assistance costs. Did these expenses add to the costs of the trading stock? The tax court had decided that net realisable value was an appropriate method to use.

In the Supreme Court of Appeal on appeal the court identified the four circumstances that could lead to a diminution in the value of trading stock below cost price: damage, deterioration, change of fashion or decrease in market value and other circumstances satisfactory to the Commissioner. All these must have happened in the past, although an element of futurity could be considered, such as knowledge that a glut had built up in the market for a perishable commodity, "where that glut would ensure a marked, certain and unavoidable decline in the price of that commodity in the following year". However, expenses in making the goods marketable were not relevant to their cost price.

Both sides agreed that the baseline for determining any diminution in value was the cost. The question was whether some event or agency reduced the value to below cost, such as a catastrophic fall in prices or a significant change in fashion.



"Taxable income is levied from year to year on the basis of events during each year. This can be expressed by saying that tax is backward looking. By contrast, net realisable value is forward looking."

Tax law versus accounting standards

And it was here that tax law diverged from accounting standards. The court accepted that IAS and IFRS served a valuable purpose in providing a fair picture to investors, shareholders and creditors of companies. The picture should be fair as to past trading activities and future prospects. In fact, the latter might be more important than the former. Annual financial statements contain many forward looking statements, including assessing the company's going concern prospects.

IAS-2 requires that financial statements reflect the estimated selling price of inventory in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. This is not what section 22(1) postulates. As a result, the items in dispute, because they had not actually been incurred by the end of the year, did not fall to be taken into account to reduce the closing stock value of the trading stock.

The court found that the use of net realisable value was inconsistent with two basic principles underpinning the Income Tax Act. The first is that taxable income is levied from year to year on the basis of events during each year. This can be expressed by saying that tax is backward looking. By contrast, net realisable value is forward looking. The second inconsistency is that net realisable value brings expenses incurred in the production of income in a future year into account in the current year. Accordingly, the appeal succeeded and the additional assessments for 2008, 2009 and 2010 were confirmed.

The nature of a transaction

I conclude with one slightly disquieting remark of the court. It seemed to suggest that trading stock need not be valued on a line by line basis. With respect, this cannot be correct.

Subject to this reservation, this decision is, with respect, correct in terms of established income tax principles. Our courts have long held that accounting treatment is, at best, some indication of the taxpayer's intention. But it is not determinative of the nature of a transaction.

BREAKING DOWN THE BARRIER OF BUSINESS START-UP COSTS

► **GRAEME PALMER**, graeme.palmer@gb.co.za

Starting up a new business can be costly. Our article outlines how some of the initial costs can be deducted from income to reduce the new business's tax bill.



In his State of the Nation address, President Cyril Ramaphosa stated that, “above everything else, we must get our economy working again. I call upon every South African to make this cause your own. Because when we succeed – and of this we are certain – it is the entire nation that will benefit.” If we are to heed the President’s call to kick start the economy, the formation of new businesses will be a key component of the assignment. However, the costs of starting up a business can often act as a barrier to entry into the marketplace for struggling entrepreneurs. Entrepreneurs may find some assistance in the form of section 11A of the Income Tax Act, which allows for the deduction of expenditure and losses incurred prior to the commencement of trade.

Deduction of pre-trade expenses

Businesses usually rely on the general deduction formula in section 11 of the Income Tax Act, as read with section 23(g), when deducting expenses for tax purposes. In order to claim a deduction under these sections a person must be carrying on a trade. They are therefore of no assistance to a person wanting to start a new business who is on a tight budget and incurs expenditure before the commencement of trade. With effect from 1 January 2004, section 11A was introduced, which allows for the deduction of allowable pre-trade expenses. These are expenses which would have qualified under section 11 (other than section 11(x)), 11D or 24J, disregarding the requirement in those sections that income must be derived by a person from carrying on any trade.

There are four requirements that must be met before pre-trade expenses qualify for a deduction. These are:

1. The trade in respect of which the pre-trade expenses were incurred must have commenced.
2. Pre-trade expenses must have actually been incurred before the commencement of and in preparation for carrying on a trade.
3. If the pre-trade expenditure had been incurred after the commencement of the trade to which it relates, it would have been allowed as a deduction under section 11, 11D or 24J.
4. The pre-trade expenses must not have been allowed as a deduction in that year or any previous year of assessment.

"Entrepreneurs may find some assistance in the form of section 11A, which allows for the deduction of expenditure and losses incurred prior to the commencement of trade."

If these requirements are met, the expenditure is deductible in the year in which trading commences, no matter the year in which the expenditure was actually incurred. The four qualifying requirements for the deduction of pre-trade expenses are explained in an updated Interpretation Note 51 issued by SARS on 27 June 2018.

Commencement of trade

First, the trade in respect of which the pre-trade expenses were incurred must have commenced. The active step of commencing trade must be more than just the mere laying of plans for the business's future. Any pre-trade expenses incurred for a project that was later abandoned are not deductible. Furthermore, if the nature of the trade changes, the expenses would also not be deductible. For example: Company A starts an airport project and incurs certain expenditure but the operating licence is declined. It then changes the project to a storage business. Company A cannot deduct the pre-trade expenditure in respect of the airport project for the storage business.

The commencement of preparatory activities may constitute carrying on a trade. But what sort of preparatory activities would signal the commencement of a trade? The Interpretation Note states that, to answer this question, it must be determined whether the taxpayer has an asset (income earning structure) with which to trade. In *CSARS v Contour Engineering (Pty) Ltd* 61 SATC 447, it was held by the court that given the taxpayer had no premises, no equipment, no stock, no staff and, save for some book debts, no assets, it was clearly not trading. Depending on the trade, the absence of some of these factors would suggest a lack of trading activity. Having actually derived some income from the trade is not a prerequisite to having commenced trading. A trade can commence before the first sale is made. It is, however, pointed out in the Interpretation Note that taxpayers that render a service must at least hold themselves out as ready to provide such service. For example, they must have at least opened their doors for business.

Pre-trade expenses actually incurred

The second requirement is that pre-trade expenses must have actually been incurred before the commencement of and in preparation for carrying on a trade. It was held by our courts in *Nasionale Pers Bpk v KBI* 1986 (3) SA 549 (A), that for an expense to be "actually incurred" there must be an accrued present obligation, whether absolute or defeasible. The expenditure actually incurred must be done "in preparation" for the carrying on of a trade. A literal interpretation can be given to the word preparation, that is, the plans or arrangements that you make to prepare for the carrying on of a trade.

Pre-trade expenses must meet the "post-trade" test

Thirdly, for pre-trade expenses to qualify they must meet the "post-trade" test under section 11 (general deduction), section 11D (deduction for scientific or technological research and development) or section 24J (incurred and accrual of interest). For example: if the expenditure in question had been incurred after the commencement of trade, the requirements in section 11 would have been met, that is, the expenditure was incurred in the production of income and was not of a capital nature. Here, the taxpayer must look at the facts and circumstances of the business and will have to show that once the business does commence, the expenditure would be capable of producing income. Examples given by SARS in its Interpretation Note of qualifying pre-trade expenses include the costs of accounting and audit services, advertising and marketing, electricity and water, insurance, rates, rent, salaries, staff training, trading stock acquired before the commencement of trade and telephone costs.

Pre-trade expenses not allowed as a deduction

The fourth requirement is that it is only those pre-trade expenses which were not allowed as a deduction in the current year or any previous year of assessment that will qualify for a deduction under section 11A. Effectively, what this means is that the expenses cannot be claimed twice.

Ring fencing of pre-trade expenses

Section 11A(2) provides for a limitation of pre-trade expenses to be deducted from the taxable income from the relevant trade. If the pre-trade expenses exceed the taxable income of the trade, the excess pre-trade expenses cannot be set-off against income from any other trade. If the pre-trade expenses are not allowed due to insufficient taxable income from a particular trade, the amount can be carried forward and set-off against any future taxable income from that trade.

Embrace the call to join the cause

If we are going to embrace the President's call to get our economy working again, taxpayers are going to have to invest in new businesses and create jobs. Business start-up costs often act as a barrier to entrepreneurs. It's all well and good that a new business may receive funding for its venture, but it still needs to make profits to repay its funders and meet its monthly expenses. Unfortunately, the big spend items in setting up a business are often of a capital nature and are not deductible under section 11A. But every little bit helps. Section 11A does provide some respite with the deduction of qualifying pre-trade expenses from taxable income. If Government is serious about getting our economy working again it should also come on board and provide more tax incentives for start-up businesses. But for now taxpayers have to work with what is available to them and use provisions such as section 11A to their best advantage.



THE RISKS OF HOLDING DORMANT COMPANIES

► **DEREK SPRINGETT**, derek@harbourassociates.co.za

We take a look at how small businesses make use of dormant companies and the risks related to these entities. How does one go about terminating them?



Dormant companies take a number of forms, namely:

- Companies that were formed and never became active traders
- Companies that only hold assets but do not trade
- Companies that originally traded and then subsequently ceased to trade

The risks of holding such a company depend partly upon which of the above forms it takes.

The Companies Act 2008

If, as would commonly be the case, the company is owner managed, that is, the directors and shareholders are the same people, then there is no prescribed format for its annual financial statements [Regulation 27(4)] and only minimal annual reporting requirements to the Companies and Intellectual Properties Commission (CIPC).

In the unlikely event that the company is not owner managed then, being dormant, its public interest score (PIS) will be below 100 and, again, there is no prescribed format for its annual financial statements [Regulation 27(4)]. It has the same minimal requirements for reporting to CIPC.

No audit or review of the annual financial statements is required [section 30(2A)].

As the company is dormant, there will be no transactions that could lead to personal liability of the directors in terms of the Companies Act.

The Companies and Intellectual Properties Commission

All companies are required to submit an annual return to CIPC (Companies Act section 33 and Regulation 30) during the month following the anniversary of its date of registration and to pay the prescribed fee (currently R100 for a company with no turnover). In terms of the same regulation, a dormant company is also required to submit a financial accountability report when submitting its annual return. This obligation was ignored by most companies and, in 2018, led to a notice by the Commission reminding company directors of the company's obligations in this regard.

A company must, in its annual return, name a director, employee or other person who is responsible for the submission of the returns.

In reality, the above person's failure to comply, whilst falling under section 214 of the Companies Act, has no personal consequences in the case of a dormant company. However, there are significant consequences for the company itself.

It commonly happens that the owners of a dormant company fail to submit its annual returns to CIPC, usually through ignorance or neglect. When this happens, CIPC will, usually after the second year of non-submission but sometimes not until the fourth, change the enterprise status from "in business" to "in deregistration process". This has no immediate effect except to act as a warning. The status can be rectified by the submission of a return and the payment of all outstanding fees including an extra R50 for each overdue payment.

Periodically (and apparently erratically), CIPC runs an algorithm which converts all "in de-registration" statuses to "AR final deregistration"; the "AR" presumably indicating that the reason for the final deregistration was the non-submission of annual returns. A company that has been deregistered ceases (sometimes temporarily) to exist. Hence it cannot summons or be summonsed, and its assets are forfeited to the State. For this latter reason, CIPC has special conditions for the restoration of companies that own assets. A creditor's claim against the company cannot be enforced but is not extinguished. Also, the company cannot trade or enter into any contracts.

Once a company has been finally deregistered it can be restored or brought back into existence if any of the following conditions are met:

- If the company has immovable property registered in its name
- It was in business at the time of deregistration
- The courts issued an order for its restoration

Clearly, a dormant company does not comply with the second condition and the third is most unlikely. The process of restoring a company holding immovable property or similar assets is cumbersome, but achievable. The application must be accompanied (from CIPC FAQs) by the following:

- Certified ID copy of the applicant (director/member)
- Certified ID copy of the customer filing the application
- Multiple deed search (reflecting ownership of immovable property or not)
- Letter from the Department of Public Works indicating that such department has no objection to the re-instatement, if it has immovable property
- Mandate from the applicant on whose behalf the application is being submitted
- Sufficient documentary proof indicating that the company or close corporation was in business (provide evidence that the company was conducting business-related

activities at the time of deregistration, namely bank statements for a 12-month period that runs over the date of deregistration) or that it had any outstanding assets or liabilities (e.g., property, intellectual property rights) at the time of deregistration

The effect of restoration is that creditors' claims can then be enforced, but there is much debate about the constitutionality of the deregistration by CIPC, the unfairness to creditors, and the effect of deregistration and subsequent restoration on the prescription of debt.

Once a company has been restored from final deregistration, all outstanding returns and fees must be submitted to CIPC and for this reason, plus the professional fees charged by the company undertaking to apply for the restoration, it is usually better to abandon the deregistered company and form a new one. However, the name of the deregistered company is still relevant if it conflicts with a new name application.

Apart from an AR deregistration by CIPC, which is the easiest route to deregistration if one is prepared to allow the process to take its course, a company can be voluntarily deregistered by the directors. The application must be supported by the following:

- Certified ID copies of the directors
- Certified ID copy of the customer filing the application
- Signed declaration by the directors that the company has no assets or liabilities other than shareholder loans to the company (this may have to be preceded by a declaration of a dividend, and payment of dividends withholding tax, to clear out any retained earnings)
- Tax clearance certificate
- All CIPC annual returns having been submitted and fees paid

The South African Revenue Service

All companies are required to register as taxpayers for income tax and, currently, this registration is automatic when a company is formed at CIPC.

All companies are provisional taxpayers and, as such, are required to submit three tax returns per tax year, namely:

1. A first provisional return six months after the beginning of the tax year
2. A second provisional return at the end of each tax year
3. An annual tax return one year after the end of each tax year

On the annual tax return there is an option to declare that the company is dormant. However, such a declaration does not release the company from its obligation to submit the above returns. Neither does a letter to SARS requesting that the company be made tax dormant. In fact, it now seems that the three returns must be submitted regardless of any action taken by the company. This was reinforced in a 29 November 2018 media release, when SARS advised that it would be

"A dormant company is also required to submit a financial accountability report when submitting its annual return."

► applying administrative penalties against any company that failed to submit any corporate income tax returns. These penalties range from R250 to R16 000 per month of non-compliance. SARS specifically states that the penalties apply to dormant companies (presumably, but not necessarily, at the lower end of R250 per month).

Even at R250 per month, these penalties can quickly grow into a substantial amount, especially when interest is added and when the penalty applies to several outstanding returns. However, the penalty is against the company and if the company is dormant and has no assets and no intention of ever trading, they can have no significant impact because the claim will not be recoverable.

If, on the other hand, the company owns assets or intends to trade in the future, the penalties could represent a serious liability and are clearly to be avoided.

Non-submission of returns is usually the consequence of neglect or ignorance, believing that there is no obligation to submit. The cost of submission is negligible as the completion of a nil return is simple and quick.

It remains to be seen whether SARS has the inclination or capacity to impose these penalties on dormant companies, especially as the return on investment (of time and resources) will inevitably be very low.

The benefits of holding dormant companies

This article would be incomplete if it did not mention some benefits of holding dormant companies. These are often in the form of shelf companies formed and held by such companies as Harbour and Associates Management Services, Shelf Company Warehouse and many others, available for immediate sale. The value of such companies has declined as the turnaround time for the formation of companies at CIPC has dramatically improved.

However, some management services companies lay shelf companies down to age and are then able to increase their selling price, much as a vineyard increases its price for older matured wines. Their attraction to buyers is the registration number which suggests that the company, having been registered for some time, appears to have been in business for several years as opposed to the reality of being a start-up.





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TAX IMPLICATIONS OF FRANCHISING ARRANGEMENTS

► **CANDICE VAN DEN BERG**, candice.vandenberg@za.ey.com

Entering into a franchise agreement sometimes provides a budding entrepreneur with an opportunity to get started in business. Our article looks at whether amounts paid or received constitute revenue or capital and the tax implications in each case.

Franchising is a method of expanding a business and distributing goods and or services through a licensing relationship. Franchises can take the form of either a business format franchise or a product distribution franchise. In a business format franchise, the franchisor provides the franchisee with not just its trade name, products and services, but an entire system for operating the business (such as marketing plans and operations manuals). In a product distribution franchise, the franchisee simply sells the franchisor's products without using the franchisor's method of conducting business.

The income tax implications relating to franchise arrangements are complex and essentially hinge around whether an amount received or paid (in terms of the franchise agreement) constitutes a capital amount or a revenue amount. While there is no definition of what constitutes capital or revenue in terms of the Income Tax Act, the following principles have been established over the years by the courts:

- In determining whether an amount paid is of a capital or revenue nature, the taxpayer should consider whether the expense will bring into existence an asset or an advantage for the enduring benefit of the taxpayer's trade (in which case it is likely to be capital in nature) or whether the expense forms part of the taxpayer's income-producing operations or part of its income-producing structure (in which case it is likely to be of a revenue nature); and

- In determining whether an amount received is of a capital or revenue nature, the taxpayer should consider whether the amount can be directly linked to the creation or enhancement of the taxpayer's capital or income-earning structure (and is therefore capital in nature) or whether it will be received for the purpose of supplementing the taxpayer's trading profits (and is therefore revenue in nature).

In order to clarify the income tax implications that arise in relation to franchise arrangements, SARS has issued a *Guide on the Taxation of Franchisors and Franchisees*.

While the guide does provide some useful guidelines, it is important to note that in determining the tax implications of a franchise arrangement, each case should be carefully considered on its own merits, taking into account the terms and conditions as set out in the franchise agreement. Further, the guide is not a binding general ruling (under section 89 of the Tax Administration Act) or an official publication as defined in that Act. The guide therefore does not create a practice generally prevailing.

The table on the following pages sets out certain events or transactions that may occur in a franchise arrangement and the recommended income tax treatment as set out in the SARS Guide.

EVENT/TRANSACTION	FRANCHISOR	FRANCHISEE
<p>PAYMENTS FOR THE CREATION OR ACQUISITION OF INTELLECTUAL PROPERTY</p>	<p>Costs incurred by a franchisor in the following instances would in most instances be considered to be of a capital nature, since they are regarded as money spent in acquiring an income-producing asset:</p> <ul style="list-style-type: none"> • obtaining a patent; • devising or developing an invention; • creating or producing a design, copyright or any property of a similar nature; • the registration of a trademark, trade name or design; • the restoration or extension of any patent; • the extension of the registration period for a design; and • the renewal of the registration of a trade mark or trade name. <p>These expenses would therefore not be deductible under the general deduction formula.</p> <p>Subject to certain requirements the franchisor could, however, explore claiming a deduction or allowance under section 11(gB), (gC) or 11(gD) of the Income Tax Act.</p>	<p>N/A</p>
<p>USE OF INTELLECTUAL PROPERTY: LICENCE FEE/INITIAL FEE/UPFRONT FEE</p> <p>An amount paid by the franchisee (in addition to royalty payments) for the right to use the franchisor's intellectual property and business processes.</p> <p>RENEWAL FEE</p> <p>An amount paid by the franchisee to renew or extend the franchise agreement.</p>	<p>A licence fee/initial fee/upfront fee/renewal fee would constitute "gross income" (under the general inclusion or under either paragraph (g) or (gA) of the definition) and would therefore be taxable in the hands of the franchisor.</p>	<p>On the basis that a licence fee/initial fee/upfront fee/renewal fee would be incurred to acquire or renew the right to use the franchisor's intellectual property and business processes, it would be considered a capital amount and would consequently not be deductible under the general deduction formula.</p> <p>(Note: In the event that these payments are made in instalments, they would similarly still not be deductible.) Subject to certain requirements, the franchisee could explore claiming a deduction/allowance under section 11(f) or 11(gD) of the Income Tax Act.</p>
<p>USE OF INTELLECTUAL PROPERTY: ROYALTY FEES</p> <p>Recurring payments made by a franchisee to a franchisor for the ongoing use of the franchisor's intellectual property and business processes, the right to such use having been acquired against payment of the licence fee/initial fee/upfront fee.</p>	<p>Royalty fees would constitute "gross income" and would therefore be taxable in the hands of the franchisor.</p>	<p>Recurrent royalty payments that are paid for the use of intellectual property would in most instances be regarded as being revenue in nature and would therefore be deductible under the general deduction formula.</p> <p>Royalties may, however, be regarded as a capital amount in certain instances and thus not deductible under the general deduction formula.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Agreements under which the royalty payments are made form part of the cost of creating the franchisee's income-earning structure, i.e., the recurrent expenditure is directed towards the acquisition of a capital asset; and • Royalty payments which (in reality) form part of the purchase price of the business.
<p>COMPENSATION PAID BY A FRANCHISOR FOR EARLY TERMINATION OF A FRANCHISE AGREEMENT</p>	<p>The cancellation of a franchise agreement by the franchisor in order to replace a current franchisee with a more competent franchisee will generally constitute a revenue amount and would therefore be deductible under the general deduction formula.</p> <p>The cancellation of a franchise agreement by the franchisor in order to incorporate the franchisee's operations into its own operations, would generally represent a capital amount and would therefore not qualify for deduction under the general deduction formula.</p>	<p>To the extent that a franchisee receives a compensation payment from a franchisor for the early termination of the franchise agreement, the amount representing the compensation would, in all probability, be regarded as a capital amount if it can be said that a substantial part of the income-producing structure of the franchisee has been sterilised by the early termination.</p>



▶ EVENT/TRANSACTION	FRANCHISOR	FRANCHISEE
<p>COMPENSATION PAID BY A FRANCHISEE FOR EARLY TERMINATION OF A FRANCHISE AGREEMENT</p>	<p>If the compensation is paid to fill a hole in the profits of the franchisor, owing to the cessation of the franchisor's royalty income, the amount will be regarded as being of a revenue nature and would therefore be taxable in the hands of the franchisor.</p> <p>If, however, the money was paid by the franchisee to the franchisor to fill a hole in the franchisor's fixed capital assets, such as cessation of a significant part of the franchisor's income-earning structure, the money will be a capital amount.</p>	<p>If the payment is made because of the discontinuation of the franchisee's business operations (income-earning structure) it would be a capital amount and not deductible under the general deduction formula.</p>
<p>PENALTIES FOR BREACH OF CONTRACT Penalties may be triggered when a party breaches a provision in the agreement or fails to meet certain predetermined milestones</p>	<p>The receipt of the penalty payment by the franchisor will, in most instances, be considered revenue in nature and would therefore be taxable in the hands of the franchisor.</p>	<p>Generally, the penalty will be deductible as the expense is so closely connected to the franchisee's income-earning operations that it is inseparable from these operations. The penalty in these circumstances will not have been incurred in relation to the franchisee's income-earning structure, nor does it give rise to an enduring benefit.</p>
<p>ADVERTISEMENT FEES The franchisor undertakes to manage an advertising fund and the franchisee is often required to make a contribution to the fund. The fund is generally used to fund advertising and marketing campaigns in promotion of the franchise chain as a whole, or a particular branch. In certain instances, the fees are also used to reimburse the franchisor for the costs of administering the advertising fund.</p>	<p>Where the funds are not received by a separate person (i.e., trust or company) the amounts received by the franchisor will constitute "gross income" and would therefore be taxable in the hands of the franchisor.</p> <p>The franchisor will, however, be entitled to a tax deduction, either under section 11(a) or as a capital allowance, of any expenditure incurred by the franchisor on advertising or promoting the franchise.</p>	<p>Being a recurring expense that would ordinarily not give rise to an asset of enduring benefit, advertising related expenditure would, in most circumstances, constitute expenditure of a revenue nature and as such be deductible under section 11(a) of the Income Tax Act.</p>

Q&A with

TANIA SHINGLER

SAIT member and business owner

A quick Q&A with Tania Shingler, SAIT member and Director of Shingler & Associates. Her secret to being a successful business owner? Taking a simple and homely approach to accounting and tax.

Tania Shingler is the director of Shingler & Associates Pty Ltd which is aimed at small to medium-sized businesses. Shingler & Associates not only focuses on the accounting and tax aspects of their client's business, but also ensures that their emotional and psychological behaviours around money are aligned. What sets the firm apart from other firms is that it offers in-house financial coaching along with a platform to grow client businesses from an internal perspective.

How and why did you decide to start your own business?

I have been in the accounting/audit environment for almost 16 years. Starting my own business has always been a dream of mine and I love being able to tend to my clients in a way that suits my personality. After the birth of my son, I took a leap of faith and became my own boss. It's been the best decision I could have ever made. Even if it has not always been easy, it has sure been worth every moment.

The business was founded by myself in November 2016. My passion to provide unique accounting and tax related services to clients was the driving force behind me establishing Shingler & Associates.

Throughout the years I have found myself evolving as a tax practitioner and accountant. I saw how clients grew more weary and afraid of understanding what is going on in their business, so I tried to develop an accounting technique that made accounting and tax fun. Knowing the financial ins and outs of your business is the only way you are armed to grow your business financially.

In which areas of tax do you specialise and what type of tax services does your company provide?

Shingler & Associates specialises in all forms of tax, from individual to SMEs and monthly tax requirements.

Our client base ranges from start-ups to medium-sized enterprises. We are passionate about helping start-ups find their feet and love having the chance to grow with our clients. I always offer a personal approach to my clients and they know that they can always deal with me one-on-one at all times.



"My passion to provide unique accounting and tax related services was the driving force behind me establishing Shingler & Associates."

What are some of the ongoing issues you have to deal with?

The ongoing issues I face include a lack of tax knowledge. This is why we focus on building business education for businesses of all sizes. We love to empower clients with the knowledge they need to make informed decisions for themselves and their business.

Does the state of the economy have an impact on your firm?

The state of the economy is definitely a major concern for all South Africans. If it impacts local businesses it affects accountants as well. With that said, I believe that it's important to try and keep a positive outlook in this current economic climate and have faith that things will turn around.

How do you make your business work?

I believe that being real, open and authentic with my clients and potential clients is imperative. If someone is going to trust me implicitly, they need to know and like the person that is handling their finances. Communication is vital and when clients and accountants work together we can always make the magic happen.

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BECOMING A TAX PROFESSIONAL

We outline the tax programmes offered by various tertiary institutions – perfect if you are interested in pursuing a career in tax or if you are looking to upskill



EDUCATIONAL TRACKS & NQF LEVELS

VOCATIONAL & OCCUPATIONAL PATHWAY

OCCUPATIONAL CERTIFICATE TVET College + Training Provider	OCCUPATIONAL CERTIFICATE TVET College + Training Provider	OCCUPATIONAL CERTIFICATE TVET College + Training Provider	OCCUPATIONAL CERTIFICATE TVET College + Training Provider	OCCUPATIONAL CERTIFICATE Training Provider

ACADEMIC & PROFESSIONAL PATHWAY

NATIONAL SENIOR CERTIFICATE NATIONAL CERTIFICATE (VOCATIONAL) Secondary School	HIGHER CERTIFICATE University year 1	DIPLOMA ADVANCED CERTIFICATE University year 2	BACHELOR'S DEGREE ADVANCED DIPLOMA University year 3	BACHELOR HONOURS DEGREE POSTGRADUATE DIPLOMA BACHELOR'S DEGREE University (3 years) + 1 year	MASTER'S DEGREE MASTER'S DEGREE (PROFESSIONAL) University (3 years) + 1-2 years	DOCTORAL DEGREE DOCTORAL DEGREE (PROFESSIONAL) University (3 years) + 3-5 years

QUALITY COUNCILS *

UMULASI QCTO	QCTO CHE	QCTO CHE	QCTO CHE	QCTO CHE	CHE	CHE

* Collectively, the Quality Councils and the South African Qualifications Authority (SAQA) work for the good of both learners and employers. The 3 quality councils that fall under SAQA are: Umulasi, the Quality Council for Trade and Occupations (QCTO), and the Council on Higher Education (CHE)

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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE	YEAR 2 MODULE	YEAR 3 MODULE	MANDATORY OR ELECTIVE MODULE?
Diploma in Accountancy (NQF6) www.mandela.ac.za/academic/Courses-on-offer/Qualification-Details.aspx?appqual=YP&qual=3806&faculty=1400&ot=27&cid=68	Business and Economic Science	BBT1211 (Individuals)	BBT1212 (Prepaid taxes, retirement benefits and farming)	BBT2211 (Value added and Capital Gains Tax) BBT2212 (Companies)	Mandatory
Advanced Diploma in Accountancy (NQF7) www.mandela.ac.za/academic/Courses-on-offer/Qualification-Details.aspx?appqual=XG&qual=41410&faculty=1400&ot=06&cid=46	Business and Economic Science	-	RATA401 (Taxation: Non-Residents)	(Taxation: Administration)	Mandatory

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
MCom Taxation (NQF9) www.google.com/url?q=accounting.mandela.ac.za/getmedia/a391b26e-cd98-49b4-b19e-a9d652192462/4_MCom-Taxation%3Fdi sposition%3Dattachment&sa=U&ved=0ahUKEwi4xdi46KngAhUdTh UIHSHzB0EQFgglMAE&client=internal-uds-cse&cx=016273183979842809441:iuvmvj-k2bu&usg=AOvVaw2Jm7C5wRyuBCQkRS8rqDEX	Business and Economic Science	2 years	BCom(Hons) (Accounting) degree or equivalent OR LLB degree (which includes an appropriate taxation course) and level of competence which is adequate for the purpose of postgraduate studies in taxation	None	Applications for admission to the specialist coursework master's degree in taxation commences in February 2014

The University permits students from other tertiary institutions to apply for the postgraduate programmes.

Follow this link for more information:

onlineapplications24.co.za/nelson-mandela-metropolitan-university-application/?gclid=Cj0KCQiA-c_iBRChARIsAGCCOpB0zyNt1Z_Y61kvbvWn4fjz_XwWQ4CZwiVelC7_0YVx8gpf15P-02xEaAIWNEALw_wcB

PROF. ALEX BRETTENNY

Professor / Discipline Leader: Taxation, Nelson Mandela University



If you have a background in accounting or law, then a career in taxation can be very rewarding. Postgraduate studies in Taxation can be the catalyst for a career in:

- Academia
- Professional practice
- Senior tax positions in commerce and industry
- Senior tax positions at SARS, National Treasury and related Government agencies

To be successful in your chosen career you need to have an enquiring mind, strong work ethic and passion for the discipline of taxation.

PIETER VAN DER ZWAN

Associate Professor, North-West University



Tax as a field is multi-dimensional. Someone who works in this field is required to have an understanding of accounting, legal interpretation and dispute strategies and business, to only mention a few. This makes tax an extremely challenging but also a very satisfying career. Any student who embarks on this journey should be ready for a process of life-long learning and adapting as business, legislation and policies change.



UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom Financial Accountancy (NQF7) commerce.nwu.ac.za/accounting-sciences/financial-accountancy	Economic and Management Sciences	-	TAXF211 TAXF221	TAXF371	Mandatory
BCom Accounting and Informatics (NQF7) commerce.nwu.ac.za/accounting-sciences/accounting	Economic and Management Sciences	-		TAXF311 TAXF321	Mandatory
BCom Chartered Accountancy (NQF7) commerce.nwu.ac.za/accounting-sciences/CharteredAccounting	Economic and Management Sciences	-	TAXC271	TAXC371	Mandatory
BCom Management Accountancy (NQF7) commerce.nwu.ac.za/accounting-sciences/management-accountancy	Economic and Management Sciences	-	TAXF211 TAXF221	TAXF371	Mandatory
BCom Forensic Accountancy (NQF7) commerce.nwu.ac.za/ForensicAccountancy	Economic and Management Sciences	-	TAXC271	TAXC371	Mandatory
LLB (Law) (NQF8) law.nwu.ac.za/undergraduate-studies/llb	Law	-	Tax Law	Tax Law	Elective

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER ADMISSION REQUIREMENTS	DEADLINES FOR APPLICATIONS
MCom Taxation (dissertation) (NQF9) commerce.nwu.ac.za/accounting-sciences/postgraduate-qualifications	Economic and Management Sciences	Research proposal	-	Presentation of a research proposal at a research colloquium	Applications for 2020: 30 September 2019
MCom Taxation (lectured) (NQF9) commerce.nwu.ac.za/accounting-sciences/postgraduate-qualifications	Economic and Management Sciences	A short piece on a topical tax aspect as part of the application process.	BCom Honours degree, LLB degree or postgraduate diploma on NQF level 8, including a final year taxation module as one of the core modules, for which a mark of at least 60% has been obtained OR A BCom Honours (Chartered Accountancy) or CTA, for which the Taxation module was passed	Relevant experience is a recommendation	
PhD Taxation (NQF10) Minimum two years and maximum four years of study www.nwu.ac.za/content/application-master-doctorate-studies	Economic and Management Sciences	Thesis (40 000 - 100 000 words)	MCom Taxation or a relevant qualification on NQF 9	Presentation of a research proposal at a research colloquium	9 Jan - 30 April

The University permits students from other tertiary institutions to apply for the postgraduate programmes.
Follow this link for more information: commerce.nwu.ac.za/accounting-sciences/postgraduate-qualifications



UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom (Accounting) (NQF7) www.ru.ac.za/accounting/studying/undergraduate/ bcomaccounting/	Commerce	-	Principles of Professional Accounting	Taxation 3	Mandatory
LLB (Law) (NQF8) www.ru.ac.za/law/studying/undergraduate/studentbooklets/	Law	-	-	Tax and Estate Planning	Elective

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
PG Dip Acc (NQF 8) www.ru.ac.za/accounting/studying/postgraduate/ entrancerequirements/		N/A	-	-	1 May annually
PGDip Taxation (NQF 8) www.ru.ac.za/accounting/resources/		15 000 words (or 50 pages)	-	-	1 May annually
MCom Taxation (NQF 9) www.ru.ac.za/postgraduategateway/		Coursework and mini-thesis 30 000 words (or 100 pages)	-	-	1 May annually
PhD (NQF 10) www.ru.ac.za/postgraduategateway/		-	-	-	1 May annually

The University permits students from other tertiary institutions to apply for the postgraduate programmes. Follow this link for more information: www.ru.ac.za/postgraduategateway/applicationexaminationthesissubmissionandotherpgforms/

PROF JACKIE ARENDESE

Head of Department of Accounting, Rhodes University



My advice to students embarking on a journey towards a tax career is to talk to people to understand more about what a career in tax might involve, and make sure you are doing what you love. Work hard and never be afraid to ask questions and pursue answers. Tax is such a broad and interesting field and the more you learn, the more there is to know, which makes for a wonderfully challenging career!

UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom (Accounting) (NQF 7) www.sun.ac.za/english/faculty/economy/accounting/programmes/academic-programmes/bacc-bacchons-chartered-accountant-(ca)	School of Accountancy: Economic and Management Sciences	-	Taxation 298	Taxation 399	Mandatory
BCom (General) (NQF 7) www.sun.ac.za/english/faculty/economy/accounting/programmes/academic-programmes/bacc-bacchons-chartered-accountant-(ca)	School of Accountancy: Economic and Management Sciences	-	-	Taxation 388	Mandatory

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
MCom Taxation (NQF 9) www.sun.ac.za/english/faculty/economy/accounting/programmes/academic-programmes/masters-lectured-options-mcom-(taxation)-macc-(taxation)	School of Accountancy: Economic and Management Sciences	Lecture or thesis option (25 000 - 40 000 words)	BCom (with subjects in law) and LLB	Being selected based on answering a tax question in writing combined with the minimum % as stated	31 October
MAcc Taxation (NQF 9) www.sun.ac.za/english/faculty/economy/accounting/programmes/academic-programmes/masters-lectured-options-mcom-(taxation)-macc-(taxation)	School of Accountancy: Economic and Management Sciences	Lecture or thesis option (25 000 - 40 000 words)	HonsBAcc, BAccLLB or Postgraduate Diploma in Accounting (after a recognised BCom degree was obtained)	Selection based on answering a tax question in writing combined with the minimum % at Hons level	31 October
PGDip Tax Law (NQF 8) www.sun.ac.za/pgstudies/postgraduate-programmes/faculty-of-law/postgraduate-diploma-in-tax-law.html	Law	Lecture or thesis option (25 000 - 40 000 words)	LLB degree from this University OR BAcc or BCom degree from this University OR A graduate from any other university who has been granted the status of LLB, BProc, BCom or BAcc of the university concerned	Admitted to practice as an attorney in any province of South Africa or in Namibia OR Registered as an accountant with the Public Accountants' and Auditors' Board, or as a chartered accountant with SAICA OR Any other academic or professional qualification deemed sufficient for admission	New applications are considered every second year – next intake will be in 2020

UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION	FACULTY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	MANDATORY OR ELECTIVE
BCom Accounting (Taxation) (NQF7) www.unisa.ac.za/sites/corporate/default/Register-to-study-through-Unisa/Undergraduate-&-honours-qualifications/Find-your-qualification-&-choose-your-modules/All-qualifications/Bachelor-of-Accounting-Sciences-in-Taxation--(98318-%E2%80%93-TAX)	Accounting Sciences	-	Principles of Taxation TAX2601	TAX3701 Taxation of Business Activities	-	Mandatory
			Tax Administration	TAX3702 Taxation of Individuals		
				TAX3703 Taxation of Estates		
				TAX3704 Tax Administration; TAX3705 Tax opinion writing		
LLB (NQF 8) www.unisa.ac.za/sites/corporate/default/Register-to-study-through-Unisa/Undergraduate-&-honours-qualifications/Find-your-qualification-&-choose-your-modules/All-qualifications/Bachelor-of-Laws-New-2018-(98680-%E2%80%93-NEW)	Law	-	-	-	LML4804 Tax Law	Elective

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
PGDip Taxation (NQF 8) www.unisa.ac.za/sites/corporate/default/Register-to-study-through-Unisa/Undergraduate-&-honours-qualifications/Find-your-qualification-&-choose-your-modules/All-qualifications/Postgraduate-Diploma-in-Taxation-(98256)	No paper	TAX4861 - Advanced Taxation; TAX4863 Advanced Tax Case Law; TAX4864 Advanced Tax Capita Selecta OR Appropriate NQF 7 level in the field of Accounting Sciences from an accredited provider of higher education	Refer to course link for details	Semester modules & the CTA: 3 - 31 January 2019 Year modules: 3 January - 29 March 2019
MCom Acc (Taxation) (NQF 9) www.unisa.ac.za/sites/corporate/default/Apply-for-admission/Master%27s-&-doctoral-degrees/Qualifications/All-qualifications/Master-of-Accounting-Sciences-(Coursework)-Taxation-(98656-%E2%80%93-TAX)#mC_cur	Dissertation of limited scope (10 000 – 15 000 words)	Appropriate Bachelor honours degree, or appropriate postgraduate diploma, or appropriate 480 credit bachelor's degree with a minimum of 96 credits at NQF level 8, all in the field of Accounting Sciences	Refer to course link for details	3 – 29 March 2019

QUALIFICATION NAME	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
MPhil Acc (Taxation) (NQF 9) www.unisa.ac.za/sites/corporate/default/Register-to-study-through-Unisa/Master%27s-&-doctoral-degrees/Qualifications/All-qualifications/Doctor-of-Philosophy-in-Accounting-Sciences-Taxation-(90026-%E2%80%93-TAX)	Full Dissertation (25 000 - 45 000 words)	Appropriate bachelor honours degree, or appropriate postgraduate diploma, or appropriate 480 credit bachelor's degree with a minimum of 96 credits at NQF level 8, all in the field of Accounting Sciences	TFTAX02 - Thesis: Taxation and DPCAS02 - Doctoral Proposal in Accounting Sciences	3 – 29 March 2019
PhD Acc (Taxation) (NQF 10) www.unisa.ac.za/sites/corporate/default/Apply-for-admission/Master%27s-&-doctoral-degrees/Qualifications/All-qualifications/Doctor-of-Philosophy-in-Accounting-Sciences-Taxation-(90026-%E2%80%93-TAX)	Full Dissertation (40 000 - 100 000 words)	A Master's degree in the field of Accounting Sciences	Transcript of academic record, as well as a document describing the intended research and preferred focus area	3 – 29 March 2019
LLM (Tax Law) Coursework (NQF 9) www.unisa.ac.za/sites/corporate/default/Apply-for-admission/Master%27s-&-doctoral-degrees/Qualifications/All-qualifications/Master-of-Laws-in-Tax-Law-(coursework)-(98624)	Dissertation of limited scope (10 000 – 15 000 words)	A South African LLB degree, or a foreign LLB degree (minimum 4 years), or a BProc or a (d) a Postgraduate Diploma in Law on NQF level 8 OR A foreign LLB degree (minimum 3 years) and 4 LLB modules selected from the NQF level 8 modules in the LLB degree of which one must be the compulsory research module OR a foreign LLM	Transcript or an academic record	3 – 29 March 2019

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www.unisa.ac.za/sites/corporate/default/Apply-for-admission

PROFESSOR: PROF BERNADENE DE CLERQ

M&D Coordinator in the Department of Taxation, Unisa



The changing world of tax is one of the benefits of a career in tax – there will always be a demand for tax practitioners, regardless of the hype concerning robo-advice. The personal relationship with a tax practitioner will never become redundant but will require the tax professional to expand their skillset from the traditional black letter knowledge to becoming client-centred tax technologists. A changing world but full of exciting opportunities.

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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom Accounting: CA (NQF7) www.students.uct.ac.za/sites/default/files/image_tool/images/434/ study/handbooks/2019/2019_COM_UG_Handbook.pdf	Commerce	-	Taxation I	Taxation I	Mandatory
BCom Accounting: General (NQF7) www.students.uct.ac.za/sites/default/files/image_tool/images/434/ study/handbooks/2019/2019_COM_UG_Handbook.pdf	Commerce	-	Taxation I	Taxation II	Mandatory
BBusSc Finance (NQF7) www.students.uct.ac.za/sites/default/files/image_tool/images/434/ study/handbooks/2019/2019_COM_UG_Handbook.pdf	Commerce	-	-	Taxation I	Elective
BBusSc Finance with Accounting (NQF7) www.students.uct.ac.za/sites/default/files/image_tool/images/434/ study/handbooks/2019/2019_COM_UG_Handbook.pdf	Commerce	-	-	Taxation I	Mandatory
LLB Law (NQF8) www.students.uct.ac.za/sites/default/files/image_tool/images/434/ study/handbooks/2019/2019_LAW_Handbook.pdf	Law	-	-	CML4506F: Tax Law A CML4507S: Tax Law B CML4508S: Trusts and Estate Planning -	Elective

**CRAIG WEST***Associate Professor in the Department of Finance and Tax, UCT*

The study and practice of taxation is highly recommended as a career path. This subject brings together numerous disciplines, such as accounting, economics, law, political science and philosophy, to name just a few. Its ever-changing face and rapid developments globally have made taxation, especially in recent years, one of the most dynamic fields in which to practise. It is truly a great time to be a tax academic. Of course, the rapid developments come at the cost of time – time invested in trying to stay abreast of developments on multiple fronts. Funding pressures within university structures represent one of the key challenges for academics.

For anyone considering a career in taxation – do it. It is not only challenging, stimulating and ever-changing, but truly a subject of global reach. At a time when public opinion, political will and global development are aligning, it is the time to work in the tax field.

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
BCom (Honours) Taxation (NQF 7) www.commerce.uct.ac.za/FinanceAndTax/pages/Bachelor-of-Commerce-Honours-Taxation	Commerce	10 000 word technical report	A BCom or BBusSci or equivalent undergraduate degree containing taxation course(s) in the final year of that degree	Academic references, an entrance exam or an interview may be required (all candidates are required to submit their CV and academic transcript on application)	31 January
PGDip Accounting (NQF 8) www.commerce.uct.ac.za/Accounting/Pages/PGDA	Commerce	N/A	Refer to course link for details	Refer to course link for details	31 October
MCom International Taxation (NQF 9) www.commerce.uct.ac.za/FinanceAndTax/Pages/Master-of-Commerce-Specialising-in-Taxation-in-the-field-of-International-Taxation	Commerce	25 000 word minor dissertation	Persons from any country with any background who have appropriate qualifications and/or experience in the field of taxation.	N/A	31 October
MCom South African Taxation (NQF 9) www.commerce.uct.ac.za/FinanceAndTax/Pages/Master-of-Commerce-Specialising-in-Taxation-in-the-field-of-South-African-Taxation	Commerce	25 000 word minor dissertation	Honours in Taxation or CA(SA) or LLB	Professional and/or academic references, an entrance exam or an interview may be required (all candidates are required to submit their CV and academic transcript on application). Candidates without the basic requirements but with relevant and sufficient workplace experience may apply to the programme.	31 October
LLM International Tax Law (NQF 9) www.commerce.uct.ac.za/FinanceAndTax/Pages/Master-of-Commerce-Specialising-in-Taxation-in-the-field-of-International-Taxation	Law	25 000 word minor dissertation	Persons from any country with any background who have appropriate qualifications and/or experience in the field of taxation.	N/A	31 October
PGDip Tax Law (NQF 8) www.commerciallaw.uct.ac.za/claw/clcourses/llm/tax	Law	12 500 word research paper	LLB or otherwise has a sufficiently sound academic background	N/A	31 October

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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BAccounting (NQF 7) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences	-	Taxation	Taxation	Mandatory
BCom Accounting (NQF 7) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences	-	Basic Taxation	Taxation	Mandatory

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
B Accounting (Hons) / CTA (NQF 8) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences	Refer to course link for details	BAcc degree or equivalent with an average mark of 55% specified module sets. In addition, combined average mark of at least 58% in all core modules.	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to course link for details
PGDip (CA) – postgraduate diploma in chartered accountancy (NQF 8) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences (EMS)	Refer to course link for details	BAcc degree or equivalent with at least 55% in specified module sets. In addition, an average mark of not less than 58% in all core modules.	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to course link for details
BCom Accounting (Hons) (NQF 8) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences (EMS)	Refer to course link for details	Average of 60% for all third year BCom subjects OR Successful completion of a SAICA-accredited degree	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to course link for details
PGDip (GA) – postgraduate diploma in general accountancy (NQF 8) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences (EMS)	Refer to course link for details	Average of 60% for all third year BCom subjects OR Successful completion of a SAICA-accredited degree	Successful completion of an accounting-related degree (degree should not have been obtained more than 5 years prior to application for noted degree)	Refer to course link for details
MCom degree with specialisation in Taxation (NQF 9) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks www.ufs.ac.za/postgraduate	Economic and Management Sciences (EMS)	N/A	Approval by the programme director after successful completion of a relevant Bachelor Honours degree	Prior submission of a draft research proposal and submit a full study record (transcript)	Refer to course link for details
PhD degree with specialisation in Taxation (NQF 10) www.ufs.ac.za/econ/faculty-of-economic-and-management-sciences-home/academic-information/faculty-yearbooks	Economic and Management Sciences (EMS)	N/A	Admission to this PhD programme is subject to approval by the programme director after successful completion of a relevant master's degree	Prior submission of a draft research proposal and submit a full study record (transcript)	Refer to course link for details

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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
Bachelors of Accounting (CA-stream) (NQF 7) www.uj.ac.za/faculties/cbe/Documents/UJ-Prospectus-2020.pdf	College of Business and Economics	-	TAX 200	TAX300	Mandatory
BCom Accounting (NQF 7) www.uj.ac.za/faculties/cbe/Documents/UJ-Prospectus-2020.pdf	College of Business and Economics	-	TAX02A2	TAX03A3 / TAX03B3	Mandatory
LLB Law (NQF 8) www.uj.ac.za/faculties/law/Documents/Law%20Undergraduate%20Info%20Brochure.pdf	Law	-	-	-	Elective

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
BCom (Honours) Taxation (NQF 8) www.uj.ac.za/studyatUJ/Documents/2_UJ_PostGrad_Brochure2018_FEFS.pdf	College of Business and Economics	Refer to course link for details	BCom or an Advanced Diploma, and should have appropriate knowledge of accounting, taxation and governance and control on New NQF Level 7	The department may require the completion of a bridging programme should students not comply with the rules of access	Refer to course link for details
PGDip Accounting (Taxation) (NQF 8) www.uj.ac.za/faculties/cbe/soa/accounting/Documents/Acc%20Post%20Graduate%20Diploma%20FAQ%202017.pdf	College of Business and Economics	Refer to course link for details	MCom (Taxation) or LLB or LLM (Tax Law) or HDip (Tax Law) or any bachelor's degree plus extensive corporate taxation experience	Only a limited number of students will be admitted	Refer to course link for details
MCom South African and International Taxation (NQF 9) www.uj.ac.za/faculties/cbe/soa/accounting/Documents/Accountancy-Postgraduate.pdf	College of Business and Economics	Limited scope dissertation	Honours or a postgraduate diploma in accounting or tax related honours on NQF Level 8 OR Any other four-year qualification with honours status on NQF Level 8 and related taxation experience	Preparatory study and an entrance examination may be required by the Department	Stringent selection process will take place end of October after the closing of applications
MCom South African and International Taxation (NQF 9) www.uj.ac.za/faculties/cbe/soa/accounting/Documents/Accountancy-Postgraduate.pdf	College of Business and Economics	Full scope dissertation	Honours or a postgraduate diploma in accounting or tax related honours on NQF Level 8 OR Any other four-year qualification with honours status on NQF Level 8 and related taxation experience	Preparatory study and an entrance examination may be required by the Department	Stringent selection process will take place end of October after the closing of applications

PGDip International Tax Law (NQF 8) www.uj.ac.za/faculties/law/Documents/PG%20Dip%20Tax%20International.pdf	Law and Economic & Financial Sciences		MCom (Taxation) or LLB or LLM (Tax Law) or HDip (Tax Law) or any bachelor's degree plus extensive corporate taxation experience	Only a limited number of students will be admitted and no correspondence will be entered into with unsuccessful applicants	Refer to course link for details
PGDip Tax Law (NQF 8) www.uj.ac.za/faculties/law/Documents/PG%20Dip%20Tax%20Law.pdf	Law and Economic & Financial Sciences	Full scope dissertation	LLB or BProc or CCom or CA	Thesis: Taxation TTA10X1 & TTA10X2	Refer to course link for details

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Follow this link for more information:
www.uj.ac.za/studyatUJ/sec/Pages/Academic%20Application.aspx

MUNEER HASSAN CA(SA)

Senior Lecturer Taxation, UJ



Always give 100% in everything that you do and always do the right thing even when no-one is watching.

Tax is a very challenging and rewarding career. Tax is a humbling subject. Even after having worked for many years in tax there are still many days that I learn something new and think to myself how little I actually know about tax. This will make perfect sense when one day you are a tax specialist.

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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom (Acc) (NQF 7) saef.ukzn.ac.za/	School of Accounting Economics and Finance	-	-	Taxation 3	Mandatory
BCom (General) (NQF 7) smitg.ukzn.ac.za/	School of Management Information Systems and Governance	-	-	Taxation 3	Elective

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
LLM (Taxation) (NQF 9) law.ukzn.ac.za/undergraduatestudies/bacheloroflaws/	School of Law	2 000 word dissertation	LLB or BProc with a minimum overall average of 60%	N/A	30 October
Postgraduate Diploma in Accounting (NQF 8) saef.ukzn.ac.za/wp-content/uploads/2018/05/ACCOUNTING.pdf	School of Accounting Economics and Finance	No paper	SAICA-accredited BCom undergraduate degree	Students must pass all four modules in one sitting or over two years	Refer to course link for details

The University permits students from other tertiary institutions to apply for the postgraduate programmes.
Follow this link for more information: law.ukzn.ac.za/llm-in-law-of-taxation/



UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom Accounting (NQF 7) www.up.ac.za/en/faculty-of-economic-and-management-sciences/article/30185/undergraduate	Economic and Management Sciences	-	Taxation 200 (BEL 200)	Taxation 300 (BEL 300)	Mandatory
BCom Law (NQF 7) www.up.ac.za/en/faculty-of-economic-and-management-sciences/article/30185/undergraduate	Economic and Management Sciences	-	Taxation 200 (BEL 200)	Taxation 300 (BEL 300)	Elective
BCom Financial Sciences (NQF 7) www.up.ac.za/en/faculty-of-economic-and-management-sciences/article/30185/undergraduate	Economic and Management Sciences	-	Taxation 200 (BEL200)	Taxation 300 (BEL300)	Mandatory
BCom Informatics (NQF 7) www.up.ac.za/en/faculty-of-economic-and-management-sciences/article/30185/undergraduate	Economic and Management Sciences	-	Taxation 200 (BEL 200)	Taxation 300 (BEL 300)	Elective
LLB Law (NQF 8) www.up.ac.za/faculty-of-law/article/31676/undergraduate-llb-programme	Law	-	-	Tax Law 310 (BLR 310)	Mandatory

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
Postgraduate Diploma (PGD) in Accounting Sciences & Certificate in the Theory of Accounting (CTA) (NQF 8) www.up.ac.za/en/taxation/article/39398/postgraduate	Economic and Management Sciences	None	Refer to course link for details	Refer to course link for details	SA students: 31 October International students: 31 August
BCom (Honours) Taxation (NQF 8) www.up.ac.za/media/shared/58/ZP_Files/2019/bcomhons-taxation-2019_10_09.zp163363.pdf	Economic and Management Sciences	None	BCom degree including third year taxation and financial accounting modules	Students should have obtained at least 60% for taxation module	SA Students: 30 September International Students: 31 July
MCom Taxation (NQF 9) www.up.ac.za/media/shared/58/ZP_Files/2018/mcom-information-tax.zp156778.pdf	Economic and Management Sciences	None	Refer to course link for details	Refer to course link for details	31 October
PhD Taxation (NQF 10) www.up.ac.za/media/shared/Legacy/sitefiles/file/40/622/2012_phdwithoptionintaxation.pdf	Economic and Management Sciences	Refer to course link for details	MPhil: Taxation (from UP) or Master's in Economics or Law	Personal resumes to be submitted with application forms (registration and admission dependent on proof of passing the TOEFL or another acceptable English language proficiency test)	Refer to course link for details
MPhil Taxation (NQF 9) www.up.ac.za/african-tax-institute/article/56561/postgraduate-programmes-in-taxation	Economic and Management Sciences	Refer to course link for details	A four-year bachelor's or an honours degree in accounting, economics, law, public administration, or a closely related degree	Personal resumes to be submitted with application forms	Refer to course link for details

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
PhD Tax Policy (NQF 10) www.up.ac.za/media/shared/223/ATI%20Postgraduate%20Programmes%20gallery/phd-brochure_2019.zp150650.pdf	Economic and Management Sciences	Refer to course link for details	MPhil: Taxation (from UP) or Master's in Economics or Law	Personal resume and draft research proposal (2 000 to 3 000 words) to be submitted with applications	SA students: 30 September 2019 International students: 31 July 2019
LLM Taxation (NQF 9) www.up.ac.za/media/shared/Legacy/sitefiles/file/47/55/llmtaxlaw.pdf	Law	Refer to course link for details	LLB or equivalent qualification required for entrance into the legal profession including an average of 65% in the final year of studies	Relevant work experience in the tax environment and successful completion of professional examinations to practice as an attorney or advocate (an entry test may be required)	SA students: 30 November International students: 31 August
LLM Tax Law (course-work) (NQF 9) www.up.ac.za/media/shared/10/ZP_Files/postgraduate-flyer-2018-october-2018-7.zp165016.pdf	Law	Refer to course link for details	Refer to course link for details	Refer to course link for details	30 November
LLM Tax Law (Research) (NQF 9) www.up.ac.za/yearbooks/2019/programmes/view/04250003	Law	Refer to course link for details	Refer to course link for details	Refer to course link for details	30 November
LLD Tax Law (NQF 10) www.up.ac.za/yearbooks/2019/programmes/view/04260003	Law	Refer to course link for details	Refer to course link for details	Refer to course link for details	30 November

The University permits students from other tertiary institutions to apply for the postgraduate programmes. Follow this link for more information: www.up.ac.za/taxation/article/39398/postgraduate

PROF HANNEKE DU PREEZ

Associate professor in Taxation, University of Pretoria

Taxation as a field of expertise provides an expanded scope of possibilities. Taxation touches the lives of every single person as everyone is a taxpayer. To be knowledgeable in taxation is a way to influence tax policy and improve the lives of millions, whether you are a CA, tax practitioner, auditor or accountant. Taxation is the future!

"Taxation is the price you pay to live in a civilized society" (Holmes, 1961). This notion should extend to every person. Through lecturing and researching Taxation, I believe that we can strive to develop South Africa into a country where equity is the final objective.



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UNDERGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	YEAR 1 MODULE NAME	YEAR 2 MODULE NAME	YEAR 3 MODULE NAME	MANDATORY OR ELECTIVE MODULE?
BCom Accounting (NQF 7) www.wits.ac.za/accountancy/undergraduate-programmes/bcom-in-accounting/	Commerce, Law and Management	-	Taxation	Taxation	Year 2- Mandatory Year 3- Elective
BAccSci – Accounting Science (NQF 7) www.wits.ac.za/accountancy/undergraduate-programmes/bachelor-of-accounting-science-baccsci/	Commerce, Law and Management	-	Taxation	Taxation	Mandatory
BAccSci LLB (Law) (NQF 7) www.wits.ac.za/course-finder/undergraduate/clm/llb-law/	Commerce, Law and Management	-	Taxation	Taxation	Mandatory

POSTGRADUATE TAX PROGRAMMES

QUALIFICATION NAME	FACULTY	RESEARCH PAPER REQUIREMENT	MINIMUM EDUCATIONAL REQUIREMENTS	OTHER MINIMUM REQUIREMENTS	DEADLINES FOR APPLICATIONS
BAccSci(Hons) –Accounting science (NQF 8) www.wits.ac.za/course-finder/postgraduate/clm/baccschons-accounting-science/	Commerce, Law and Management	Refer to course link for details	Bachelor of Accounting Science (from Wits)	Contact school	Refer to course link for details
PGDip Accountancy (SAICA Chartered Accountant Route) (NQF 8) www.wits.ac.za/course-finder/postgraduate/clm/pgdip-accountancy/	Commerce, Law and Management	Refer to course link for details	Bachelor of Accounting Science of this University	Contact school	Refer to course link for details
PGDip Specialised Accountancy (Association of Chartered Certified Accountants Route) – Taxation elective (NQF 8) www.wits.ac.za/course-finder/postgraduate/clm/pgdip-specialised-accountancy/	Commerce, Law and Management	Refer to course link for details	A Bachelor in Commerce General (Major in Accounting) OR A Bachelor of Accounting Science OR Any other undergraduate degree if the candidate has displayed relevant skills and competencies	Passing examinations by recognised IFAC accountancy bodies	Refer to course link for details
PGDip Taxation (NQF 8) www.wits.ac.za/course-finder/postgraduate/clm/pgdip-taxation/	Commerce, Law and Management	Refer to course link for details	Bachelor of Accounting Science of this University	Contact school	Refer to course link for details
MCom Taxation (NQF 9) www.wits.ac.za/accountancy/postgraduate-programmes/master-of-commerce-in-taxation/	Commerce, Law and Management	A programme of coursework extending over 18 months and a research report which must be completed during the last 6 months of the second year	South African qualified chartered accountants or lawyers who have had at least two years of experience beyond the accountancy or law school and who have committed themselves to a career in taxation	Preference will be given to applicants who elicit strong letters of recommendation from accounting or legal practitioners	Refer to course link for details
LLM Master of Laws (NQF 9) www.wits.ac.za/course-finder/postgraduate/clm/llm/	Commerce, Law and Management	Refer to course link for details	A bachelor's degree with honours or an appropriate postgraduate diploma	70% for the LLM by coursework and research report	Refer to course link for details
LLM Tax Law (NQF 9) www.wits.ac.za/course-finder/postgraduate/clm/llm-tax-law/	Commerce, Law and Management	1 - 2 years	An average of 65% in the final year of the LLB plus evidence of ability to conduct scholarly research and writing An average of 70% in the final year of the LLB without evidence of ability to conduct scholarly research and writing	South African qualified chartered accountants or lawyers who have had at least two years of experience beyond the accountancy or law school and who have committed themselves to a career in taxation	Refer to course link for details

The University permits students from other tertiary institutions to apply for the postgraduate programmes.
Follow this link for more information: www.wits.ac.za/display/?keyword=&courseLevel=Postgraduate

LEARNERSHIP BENEFITS FOR EMPLOYERS

There are great benefits for employers who introduce learnerships as a means of upskilling their workforce or meeting their skills needs. Both employers and employees benefit by developing relevant skills for the future.

What are learnerships?

A learnership, also known as articles, is a work-based learning programme that leads to a National Qualification Framework (NQF) registered qualification. Learnerships are directly related to an occupation or field of work and are managed by Sector Education and Training Authorities (SETAs) on behalf of the Department of Higher Education and Training (DHET). They were introduced by Government to upskill learners and to prepare them for the workplace.

A learnership is regulated by a formal contract (learnership agreement) between an employer, a learner and a training provider. An employer can enter into learnership agreements with existing employees or with learners who are not yet employed.

Learnership programmes help employees and learners gain the necessary skills and workplace experience that will open up better employment or self-employment opportunities. They also instill confidence in employers that the people they are employing have the necessary skills to do their work effectively and efficiently.

What is expected of an employer?

An employer who wants to enter into a learnership contract with one or more learners must:

- Be accredited as a workplace training provider with the professional body or AQP responsible for the learnership, or with Fasset (as applicable)
- Recruit and select learners for the learnership programme
- Provide learners with the necessary workplace experience, supervision and mentorship for the particular learnership
- Release learners to attend training at the training provider or, if the learners are studying via distance education, to work through the relevant study material
- Ensure that learners are assessed by a registered assessor

What is expected of a learner?

A learner who enters into a learnership agreement is expected to undertake the following:

- Participate in induction programmes
- Work for the employer as part of the learning process

- Register with a training provider and / or professional body
- Be available for and participate in all learning and work experience required by the learnership
- Comply with the employer's workplace policies and procedures
- Complete any timesheets/log books or written assessment tools supplied by the employer or the training provider and / or professional body
- Attend all study periods and theoretical learning sessions with the training provider and / or professional body
- Undertake all learning conscientiously and set aside sufficient time for self-study
- Undergo all practical and theoretical assessments for the learnership

Benefits to employers

The potential benefits to an employer of training learners on learnerships are numerous.

Relevance of training to business needs

The structured learning programme of a learnership can assist employers in developing a well-trained and committed workforce. Employers can collaborate with training providers and professional bodies in customising learning programmes to meet specific workplace needs.

Learnerships are developed by an industry for an industry, in consultation with all relevant stakeholders including professional bodies. This means the learning programmes and the learners' qualifications are relevant to the specific occupation and meet the standards for the industry or profession.

The qualifications obtained by learners have greater credibility and employers have the assurance that the learners can demonstrate the competence reflected in their qualifications. Employers get to know and assess learners and have the opportunity to screen them for permanent employment without the obligation to employ them. Employers will be able to select employees from a wider pool of appropriately qualified workers who have developed skills that are relevant to the employer's specific work context.



Improved skills and work performance

Learnerships promote the practical application of learning in the workplace and the competence of employees in every component of the work processes of an occupation or profession. Acquiring new knowledge and skills and applying these in the workplace will enable employees to improve their work performance and productivity.

Employers providing learnerships benefit from the improvement in the skills levels of employees.

Achievement of employment equity objectives

Learnerships provide opportunities for qualifying employees to improve their work-related competence and obtain qualifications.

Up to 25 points can be claimed on BBBEE scorecards for registering black people on learnerships, paying for their training and absorbing qualified learners into permanent positions. Further information on the BBBEE scorecard is available on the Department of Trade and Industry website (www.thedti.gov.za).

Financial implications of a learnership

Learnerships have both financial costs and benefits associated with their implementation. These are detailed below.

Costs

The following direct costs are generally incurred during a learnership:

- Tuition costs (fees payable to training provider if inhouse training is not offered)
- Professional registration fees (fees payable to professional bodies if applicable)
- Learner allowances (payable to previously unemployed learners)
- Assessment costs (if external assessors are used).

Financial support

Tax incentives and SETA grants for learnerships are available, as outlined below.

Learnership tax allowance

Section 12H of the Income Tax Act grants an additional tax allowance in respect of recognised learnership agreements entered into by employers. The tax allowance was introduced to encourage skills development and job creation by assisting businesses to reduce training costs for employees and new entrants to the labour market. The current tax allowance is in place until March 2022.

The table below reflects the amounts available for the tax deduction.

	NQF LEVEL 1 TO 6 QUALIFICATIONS	NQF LEVEL 7 TO 10 QUALIFICATIONS
Commencement allowance	R40 000 pa	R20 000 pa
Completion allowance	R40 000 pa	R20 000 pa

The allowances are further increased to R60 000 and R50 000 respectively for learners with disabilities.

Further information on the learnership tax allowance is available on the SARS website.

Employment tax incentive (youth wage subsidy)

The employment tax incentive is available to all employers of South African citizens aged between 18 and 29 who earn a maximum of R6 000 per month. Employers of domestic workers and connected persons do not qualify. The incentive is tiered according to monthly remuneration, available for a maximum of 24 months and broken up into two 12-month periods.

The table below indicates the amounts of the subsidy.

MONTHLY REMUNERATION	ETI FOR THE FIRST 12 MONTHS	ETI FOR THE SECOND 12 MONTHS
R0 – R2 000	50% of monthly remuneration	25% of monthly remuneration
R2 001 – R4 000	R1 000	R500
R4 001 – R6 000	Formula: R1 000 – [0.5 x (monthly remuneration – R4 000)]	Formula: R500 – [0.25 x (monthly remuneration – R4 000)]

Further information on the employment tax incentive is available on the SARS website.

SETA grants

SETAs offer grants for employers who register learners on learnerships linked to the scarce skills within an applicable sector. These grants vary from one SETA to another and employers are encouraged to engage with the SETA where they are registered to verify the grants and financial support that are available.

For employers registered with Fasset (the Finance and Accounting Services Sector Education and Training Authority), the SETA for the sector in which Tax Professionals and Tax Technicians have been identified as scarce skills sets, the following grant is available: **A learnerships cash grant is available to employers who register African Black learners, Coloured learners in the Western or Northern Cape, or learners with disabilities. The amount is R50 000 per year of registration up to a maximum of 3 years and an additional completion grant of R60 000 per learner.**

Opportunity to Qualify as a Tax Advisor (SA)

Eligible parties are invited to apply for selection for the following funded qualifications for the SAIT Tax Technician or Tax Professional Qualification:

Occupational Certificate: Tax Professional NQF 8 SAQA ID: 93624; Learnership ID: 01/Q010048/00/400/8 93624

Occupational Certificate: Tax Technician NQF 6 SAQA ID: 94098; Learnership ID: 01/Q010057/99/399/6 94098

Contact education@thesait.org.za for further information.

The SAIT Tax Professional Learnership

SAIT is proud to present the Tax Professional Learnership, leading to an occupational qualification as Tax Professional at NQF level 8. Successful completion of the learnership will lead to full membership of SAIT and recognition as a tax professional, with the SAIT designation Tax Advisor (SA). Tax Professionals who have completed the learnership can work as tax specialists in private practice, tax advisors in commerce and industry and tax auditors or investigators at SARS.

The qualification consists of three components: knowledge, practical skills and workplace experience. The knowledge and practical skills components take the form of education at a university or by means of a private provider, while the workplace component is completed during the learnership. It is possible to enter a learnership agreement and complete the workplace component before the other two components have been completed. Because learners can enter the learnership at various points, the duration of the learnership varies between 18 months and 3 years. Regular formative assessments track the learners' work and internal performance reviews are conducted. A training supervisor conducts a summative assessment and, if successful, the learner moves on to the external integrated summative assessment (EISA), set and marked by SAIT.

Employers that want to offer the learnership must apply to be accredited as workplace experience providers (WEPs). The full application process is set out in the "Accreditation Application as Workplace Experience Provider" document, to be found at www.thesait.org.za. Once accredited, each employer must appoint an administrative contact person and a training officer, who takes overall responsibility for upskilling learners and who signs off on the competencies achieved.

The Learnership is aimed at new entrants to the labour market, or current employees in private or public tax practices who want to obtain a higher qualification and professional status. The Learnership serves as a learning pathway for learners who have already obtained a first qualification at NQF level 6 or higher in accounting, taxation, law or any other relevant field of study.

To initiate a learnership, the prospective learner and the employer must sign a formal learnership agreement. (The prescribed format can be accessed on the SAIT website.) The learner need not be in the employ of the employer before the learnership and the employer is not obliged to employ the learner after completion of the learnership. However, the learner must be in the employ of the employer for the duration of the learnership, so an employment contract must be valid for at least this time. Once the paperwork is in place, the employer must register the learnership agreement with SAIT, SAIT must lodge the agreements with Fasset and Fasset must provide employers with the necessary proof in order to claim the tax and other benefits associated with providing learnerships.

For more information on the route to becoming a WEP and registering learners on Tax Professional and/or Tax Technician Learnerships contact Caretha Laubscher at claubscher@thesait.org.za or 012 941 0400.

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THE TAX STUDENT'S GUIDE TO GETTING HIRED

A compilation of hiring process information from accounting firms, Government departments and law firms to assist tax graduates on their journey to becoming tax professionals.

PARTICIPATING ACCOUNTING FIRMS AND GOVERNMENT DEPARTMENTS' HR DEPARTMENTS



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THE ACCOUNTING & GOVERNMENT ROUTE



RANKINGS IN TERMS OF QUALIFICATION PREFERENCES

(1 = high & 5 = low)

	Honours Taxation	Honours CA	LLB (Bachelor of Laws)	BCom (Bachelor of Commerce) / third year	Postgraduate diploma in applied accounting
Deloitte	1	2	-	-	-
EY	1	2	4	5	3
KPMG	1	1	3	4	3
PwC	1	1	3	5	5
BDO	1	3	4	5	2
Crowe HZK	-	1	-	3	2
Mazars	1	2	3	4	5
Moore Stephens	1	4	3	5	2
Nolands	1	-	-	-	-
PKF	2	1	4	3	5
SNG-Grant Thornton	1	1	2	2	3
Tax House	1	1	5	2	3
Tax Shop	2	4	5	1	3
SARS	3	2	4	1	5
OTO	1	3	3	4	2

PERSONAL QUALITIES PREFERRED IN AN APPLICANT (assuming the minimum grade requirements are met)

	PREFERRED QUALITY #1	PREFERRED QUALITY #2	PREFERRED QUALITY #3	PREFERRED QUALITY #4	PREFERRED QUALITY #5
Deloitte	Self-motivated candidates who display the ability to think analytically and critically. Potential for digital acumen	Strong leadership and organisational skills	Strong verbal and written communication skills	Proactive and ownership of own career	Works effectively in a team
EY	We aren't only looking for high academic achievers. We want you to demonstrate leadership through extracurricular activities and community involvement	We want you to have a clear sense of personal and professional accountability and to show you are committed to doing the right thing	We look for people who recognise the value of different backgrounds and points of view. By respecting these differences we enrich our perspectives. This helps us build strong relationships and enhance the services we provide to our clients	We look for evidence that you are good at listening, learning, sharing, developing and working with others, including those who are different from you	We want you to be passionate and excited about the opportunities at EY, your future and achieving your potential
KPMG	Attention to detail	Priority to deadlines	Resilient	Hard-working	Great interpersonal skills and connectivity
PwC	Critical, analytical and solution-orientated mindset and at all times acting with integrity	Ability to communicate and work together with a wide range of people	Strong linguistic skills, loves reading and curious about new ways of doing things	Ability to unify theory and practice, and demonstrate business acumen	Enjoys numbers and is curious about tax, company law and contract law
BDO	Drive, ambition and hard work	Passion for tax	High cognitive functioning	Aspirations for a long-term career at BDO Tax	Strong interpersonal relationships
Crowe HZK	Interpersonal skills	Sociable	Target driven	Leadership abilities	Time management skills
Mazars	Culture and values aligned with Mazars' culture and values	Analytical and solution orientated	Planning and organisational skills	Displays technical knowledge and understanding	Writing skills and communication
Moore Stephens	Interpersonal skills	Passion for learning	Self-driven	Commitment	Hard-working
Nolands	Good communication skills	Positive attitude towards life and work	Being a team player	Proactive and solution focused	Having an assertive personality
PKF	Ability to apply knowledge to work scenarios	Communication skills	Well-mannered	Personality fit for the organisation	Overall appearance (professional dressing, etc.)
SNG-Grant Thornton	Someone who has embraced diversity	Must be passionate about something; this indicates commitment and dedication to accepted causes	Must be respectful	Must love and be passionate about contributing to the development of South Africa and Africa	Team player
Tax House	High levels of integrity	Great interpersonal and communication skills and team player	High attention to detail while having the ability to work with speed	Ability to work under pressure in a deadline driven environment and manage stress effectively	Well organised, systematic with good problemsolving skills
Tax Shop	Ability to master all aspects of accounting, bookkeeping and taxation in SME market	Computer literacy with a high level of knowledge of relevant software applications	Ability to apply theory to real world challenges and solve problems	Self-starter with ability to work independently and with due diligence	Integrity
SARS	Integrity: high values / high moral compass / honesty/ alignment to SARS values	Self-directed / self-disciplined / ability to work well in a team	Openminded / innovative thinking/ agile to change	Adaptability / assertiveness	Humility
OTO	Adhering to principles and values	Planning and organising/ analysing	Following instructions and procedures	Coping with pressure	Delivering results and meeting customer expectations

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SARS

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TOP 25% OF GRADUATING CLASS

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KPMG
PWC
MOORE STEPHENS
NOLANDS
SNG-GRANT THORNTON

TOP 50% OF GRADUATING CLASS

EY

NO MINIMUM GRADE REQUIREMENT

BDO
CROWE HZK
MAZARS
PKF
TAX HOUSE
TAX SHOP



MINIMUM GRADE REQUIREMENTS FOR ADMISSION

MOST COMMON MISTAKES LEADING TO A FAILED HIRE

	MISTAKE #1	MISTAKE #2	MISTAKE #3
Deloitte	Not seizing the opportunity afforded to you to the best of your abilities	It's important for graduates to take responsibility for their own professional, practical and technical development	Not having a positive, "can-do" attitude
EY	Inability to accept feedback	Inability to manage emotions on the job	-
KPMG	Assuming that now that they are employed, they can sit back and relax	That doing the minimum amount of work will result in maximum benefits	Not addressing issues as they happen and allowing things to snowball
PwC	Poor attitude	Lack of enthusiasm	Sense of entitlement
BDO	Believing that your career is someone else's responsibility	Treating the opportunity as a "job" and not as a career	Not taking ownership and therefore not going above and beyond
Crowe HZK	Relocations who struggle to adapt	Inability to handle high stress levels	Lack of time management skills
Mazars	Candidate oversells knowledge / capabilities	Does not take ownership of assignments	Emotional immaturity
Moore Stephens	Poor academic results (when narrowing down the applications, academic results are mostly the deciding factor)	Poor interview skills and presentation of candidate	Lack of good interpersonal skills
Nolands	Not fitting in with the culture of the firm	Lack of vision	Being dishonest in the interview
PKF	Inability to answer practical work scenario questions	Poor interpersonal skills	Lack of professionalism
SNG-Grant Thornton	It is very important that during the interview we get to know a bit about the candidate, so where one is not providing enough details about themselves during the interview it is difficult to try gauge whether the person will fit in with our small team		
Tax House	Negative feedback from applicant's references	Gap between skills and experience listed on CV and actual skills and experience of applicant	Discrepancy between remuneration offered and unrealistic remuneration expectations of applicant
Tax Shop	Insufficient planning and organisational skills resulting in not meeting deadlines	Lack of attention to detail	-
SARS	ER Issues – inappropriate behaviour transgressing SARS policies, procedures and or the law	Not completing the Learner Activity Manual deliverables – due under performance	Poor attitude / Friction with team members
OTO	Lack of understanding of the mandate of the Tax Ombud – Graduates think they will be working directly with tax law (calculation, etc.) instead of adherence to the Tax Administration Act	Size of the organisation – We are a small organisation, graduates want big organisations with more growth opportunities within a short period of time	-

GRADUATE/LEARNERSHIP PROGRAMMES AVAILABLE TO UNIVERSITY STUDENTS INTERESTED IN TAX

SAIT TAX PROFESSIONAL PROGRAMME

- EY
- KPMG
- PKF
- SNG-Grant Thornton
- PwC
- BDO
- Moore Stephens
- Nolands
- Tax House

SAICA CA PROGRAMME

- Deloitte
- EY
- KPMG
- Mazars
- Moore Stephens
- PKF
- SNG-Grant Thornton
- SARS

SAIPA PROGRAMME

- PKF

INDEPENDENT PROGRAMME

- Deloitte**
TrAX two-year tax graduate programme
- Tax Shop**
To be announced once it has been formalised
- OTO**
Two-year Tax Ombud graduate programme
Alignment with SARS programme – Graduates spend 3 months at SARS for intensive tax training

RECRUITMENT PERIOD FOR ENTRY-LEVEL TAX-RELATED HIRES

ANNUALLY

- DELOITTE
- EY
- KPMG
- PWC
- BDO
- CROWE HZK
- MAZARS
- MOORE STEPHENS
- NOLANDS
- SNG-GRANT THORNTON
- TAX HOUSE
- SARS

WHEN NEEDED

- PKF
- OTO

FORMAL HIRING PERIOD FOR ENTRY-LEVEL TAX CANDIDATES

DELOITTE	EY	KPMG	PWC	BDO	CROWE HZK	MAZARS	MOORE STEPHENS	NOLANDS	PKF	SNG-GT	TAX HOUSE	TAX SHOP	SARS	OTO
Jan-May	Jul-Oct	Jan-Oct	Feb-Aug	Aug-Dec	Feb-Jan	Based on our business needs	Mar-Sep	Feb-Mar	Generally hire on a permanent basis when required	Feb-Nov	Jul-Nov	Jan-Dec	Mar-Apr	Apr-May

MINIMUM REQUIREMENTS FOR APPLICATIONS



Deloitte	Hons Tax, Hons CA
KPMG	Hons Tax
Crowe HZK	Hons CA
Moore Stephens	Hons Tax
Nolands	Hons Tax
PKF	Hons Tax
Mazars	Undergraduate
Tax Shop	None
EY	Hons CA or Hons Tax with an academic average of 60%
PwC	Hons Tax – if you want to do the SAIT learnership
BDO	Hons Tax, B degree + HDip Tax, Hons CA, Hons Economics, LLB
SNG-Grant Thornton	BCom Tax degree with an intention to study further; Hons Tax; Hons CA
Tax House	Honours in Tax, Postgraduate Diploma in Tax
SARS	It varies for the different programmes
OTO	Hons and Postgraduate level

HOW CAN UNIVERSITY STUDENTS FORMALLY APPLY?

	HR DEPARTMENT	WEBSITE	POSTINGS OUTSIDE WEBSITE
Deloitte	-	www.deloitte.com/za/en/careers/students	<ul style="list-style-type: none"> Facebook: www.facebook.com/DeloitteGradsAfrica/ www.facebook.com/LifeAtDeloitteAfrica Twitter: @DeloitteLifeSA Instagram: @LifeAtDeloitteAfrica LinkedIn: Deloitte South Africa University portals
EY	-	www.ey.com/za/en/careers/students	University portals and job boards like Career Junction
KPMG	-	www.joinkpmg.co.za	-
PwC	-	www.pwc.co.za/en/careers/students.html	-
BDO	taxacademy@bdo.co.za or contact Lindy Steyn (Training Officer) lsteyn@bdo.co.za	www.bdo.co.za/en-za/careers	-
Crowe HZK	-	www.crowehorwath.co.za	-
Mazars	-	www.mazars.erecruit.co/candidateapp/Jobs/Browse.aspx	We do make use of other career websites as well as our LinkedIn page
Moore Stephens	Careers@msct.co.za	www.southafrica.moorestephens.com/careers	-
Nolands	Jan Henning 021 658 6600 Janh@nolandscpt.co.za	www.nolands.co.za	At career days and SAIT Student Conference
PKF	Michelle Cronje 031 573 5000 michelle.cronje@pkf.co.za or careers.dbn@pkf.co.za	www.pkfexperience.co.za	-
SNG-Grant Thornton	TshegofatsoS@sng.za.com 011 231 0600	-	-
Tax House	admin@thetaxhouse.co.za	www.thetaxhouse.co.za/careers-with-us/	LinkedIn and Facebook
Tax Shop	-	www.taxshop.co.za/index.php?nav=careers	Applicants may apply to any of the franchisees nationwide by finding the contact details on www.taxshop.co.za/index.php?nav=find-franchise
SARS	-	Students interested in participating in the SARS Traineeship can only apply electronically to the advert on the SARS website. The link is only available when the advert is live.	We often put out a teaser on Career Junction and SARS Facebook and Twitter accounts to route applicants to the link on the SARS website.
OTO	recruitment@taxombud.gov.za	www.taxombud.gov.za	Newspapers, twitter, Facebook

DO YOU EVER HIRE AFTER THE FORMAL HIRING PERIOD HAS CLOSED?

YES

NO

	YES	NO
Deloitte	When there is a business need for additional resources	
EY	If we have not met our target numbers for the intake period	
KPMG	If we find an exceptional candidate	
PwC		No
BDO	This would apply if we have not recruited all the candidates we require, if someone has withdrawn or we discover someone with strong potential	
Crowe HZK	If candidates do not make it beyond probation, we have to fill spots/quotas	
Mazars		No
Moore Stephens	Sometimes candidates who have signed contracts pursue other opportunities, which necessitates opening the applications up again	
Nolands		No
PKF	No formal hiring period	
SNG-GT		No
Tax House	When we are approached by or receive the credentials of a great candidate	
Tax Shop	As and when the need arises	
SARS		No, unless there's an urgent business need
OTO		No. Our programme follows a strict process

FIRMS THAT SEND RECRUITERS TO UNIVERSITIES

Deloitte	Deloitte sends recruiters to university career fairs and we participate in other particular projects we are invited to
EY	All the relevant career fairs on campus, i.e. Accounting, General, etc., career fairs at UP, UJ, Wits, NWU, UCT, Stellenbosch, UWC, NMMU among many other universities
KPMG	Student fairs
PwC	15 March – WITS 8 March – UP Usually the career fair days at the various universities
BDO	We attend various university career fairs throughout the year
Mazars	We attend career fairs at most universities which happen throughout the year
Moore Stephens	We go to all the major universities on the career fair days
Nolands	We have recruiters present at university career days and at the SAIT Student Conference
PKF	Throughout the year and on special career days held by the universities
SNG-GT	We send them during the recruitment weeks published by universities
Tax House	Staff members from The Tax House go to speak to Tax Hons and DipTax students
SARS	SARS participates in university career fairs to attract students to our programme and only recruits from formally received online applications



**FIRMS THAT OFFER
INTERNSHIP
PROGRAMMES TO
STUDENTS BEFORE THEY
GRADUATE**

KPMG

2-year graduate learnership with SAIT exams;
no rotation of business units

Crowe HZK

We provide work shadowing and vac work programmes in which students can apply to us for vacation work during the Jun/Jul holiday period

SARS

SARS has an internship programme for matriculants with a Higher Diploma in Financial Management

Moore Stephens

We have a vac work programme for a week in the Jun/July vacation

Bowmans

Yes, applicants should ideally be in their 2nd or 3rd year of their degrees and apply for the programmes through the same platform.

Crowe HZK

We offer June/July vacation work for accounting students. They can go with on audits.

Deloitte

We offer 1 Deloitte Vac School in July.

Moore Stephens

We offer a 1-week vac programme for students in June/July



FIRMS THAT OFFER WINTER PROGRAMMES FOR STUDENTS WHO ARE STILL STUDYING

NUMBER OF PROFESSIONALS IN THE FIRM'S SOUTH AFRICAN TAX DEPARTMENT



Deloitte	315
EY	500+
KPMG	300
PwC	± 330
BDO	130
Crowe HZK	10
Mazars	90
Moore Stephens	7 in the Tax Department at Moore Stephens Cape Town (the only Moore Stephens office to offer a Tax Learnership)
Nolands	5
PKF	50
SNG-Grant Thornton	18
Tax House	2 Tax Practitioners (and other CAs)
Tax Shop	6
SARS	SARS has approximately 12 800 employees that are skilled in various disciplines of tax and customs
OTO	28

WHY SHOULD A GRADUATE CHOOSE YOUR FIRM AS OPPOSED TO A COMPETITOR'S?

Deloitte	As a Deloitte Tax & Legal professional, you will work with colleagues across the globe to address the complex, ever-changing challenges of our clients. This practical approach broadens your tax and legal knowledge, instils and builds confidence to take on new challenges, and allows you to expand your career possibilities. Your experience is enhanced by working on thought-provoking projects both for clients and the broader community alongside bright and motivated colleagues from all over the world. As a recent Tax graduate the overall aim is to ensure that you benefit from a seamless integration into the professional role as a Tax Practitioner at Deloitte.
EY	In the words of our Global Chairman and CEO, Carmine Di Sibio, "Every day, every EY person is part of building a better working world - for our clients, our communities and our families. We believe that everything we do - every audit, every tax return, every advisory opportunity, every interaction with a client or colleague - contributes to building a better working world."
KPMG	Quality of the training and exposure to quality client work.
PwC	As a leading firm which provides professional services across the world, we offer you endless professional opportunities. Careers are built in a team-orientated, open, trusting and inclusive environment. Team leaders and coaches act as mentors, helping you make the most of your experiences so that you can grow, explore new opportunities and achieve your potential. You will work across many areas of tax to help you develop a broad base of compliance and consulting skills. If you remain with PwC once you qualify, you can deepen your specialised skills in one of our highly specialised practice areas.
BDO	BDO Tax is not too big and not too small – BDO Tax is just right. We value people and strive for excellence in tax. We recruit, retain and develop top class tax professionals to their abilities, within the requisite transformation framework, and focus on BDO's values by exceeding expectations whilst having fun through inspired thinking and living principle-centred lives.
Crowe HZK	Graduates choose our programme due to the nature of our client relationships and our small company size.
Mazars	You will never feel that you are just a number; you are truly an individual and your input will be valued. You will be able to express yourself and your goals. There are so many opportunities for growth and with Mazars you can travel the world. We have various internal programmes where you can be seconded or transferred to other offices throughout the world, as we have offices in 86 countries. You will be exposed to a broad range of clients, ranging from JSE listed to small OMBs. No day in your life will ever be the same; interesting challenges await.
Moore Stephens	Our firm has a unique culture that promotes collaboration, teamwork and fun. We do, however, expect a lot from our staff and in return we train them to be highly competent and relevant professionals who are confident in their abilities once they have completed their training with us. We have a strong tax focus and an ever-growing tax client base, which is a testament to the level of service we provide our clients. Our broad range of clients and level of expertise of our partners and managers ensure our trainees have a depth and breadth of exposure that is hard to match anywhere else.
Nolands	The exposure to tax issues relating to different industries and gaining a vast amount of experience. The tax offering at Nolands is structured to instil a sense of confidence in trainees.
PKF	We have a wide range of clients from sole proprietors to large corporates over various industries which provide exposure to various tax issues, and allow a person to develop their tax skills from completing a tax computation for a high net worth individual, to that of a large corporate. It also allows for the development of tax knowledge in various areas, ranging from the taxation of lump sums to the applications of different types of capital allowances. We also have extensive knowledge and deal with a lot of dispute resolution matters with SARS which is quite a valuable experience that one could use and develop for future use.
SNG-Grant Thornton	We are a small team and everyone gets given special attention; we are truly like a small family. By the end of 2 or 3 years, the graduates would have acquired extensive knowledge in direct tax, indirect taxes and in all industries SNG operates in. The graduates will not be able to get this exposure as young graduates in larger firms.
Tax House	Although our firm has grown substantially over the past few years, we are still relatively small in size compared to the bigger firms. Graduates therefore get exposed to all areas of tax and the business as a whole, which they may not get at the bigger firms. In addition, our firm is growing into other centres around the country, which in the short to medium term will create career opportunities for graduates.
Tax Shop	We provide personal and practical (on the job) training in all aspects of accounting, payroll and tax.
SARS	SARS' value proposition is highly competitive, for example, trainees will receive an above-market related stipend, paid maternity benefits, group life benefits, study leave, etc. SARS is ranked number 7 as ideal employer in SA, according to Universum. Trainees receive enabled technical exposure for job directed learning.
OTO	We offer exposure to different tax types and Tax Administrations. The candidates are given exposure to learn in-depth SARS processes while working for the Office of the Tax Ombud.



THE LAW ROUTE



QUALIFICATION REQUIREMENTS AND PREFERRED ACADEMIC BACKGROUNDS

Baker McKenzie	LLB, BCom Law, BA Law, BSocSci LLB, BAcc LLB, and postgraduate LLB.
Bowmans	We look for students studying towards a degree in law. Our lawyers are team players. They are committed to excellence and deliver high quality service. Most importantly, they possess a passion for the law. So, we look for well-rounded people with a high level of academic achievement and commercial awareness.
Cliffe Dekker Hofmeyr	We are looking for law graduates for our candidate attorney programme. We recruit our candidate attorneys at least two years in advance of them completing their studies. It is therefore important that law students apply for their practical vocational training as early as possible. Candidates who are pursuing the BA Law, BCom Law or LLB are eligible to apply for our graduate recruitment opportunities (practical vocational training, vacation work, bursaries).
ENSafrica	A Bachelor of Laws degree (LLB) is the minimum qualification required. An additional background in tax, or having completed a BCom (Law)/ BAccLLB/B.BusSci/H.Dip in Tax/LLM (Tax) would be advantageous.
Eversheds Sutherland	Our candidates must have completed a BCom LLB or LLB degree to apply for articles of clerkship at Eversheds Sutherland. It is advantageous if the candidate has additional tax qualifications or experience. We also hold a vacation programme for 3rd year law graduates, graduates who have already completed their studies or are in their final year of studies. Our vacation programme is held in June/July each year. As our South African practice works closely with our Mauritius office, an area of growth is the tax team. If there are any qualified legal tax experts looking to join our team, their applications are most welcome.
Fasken	A Bachelor of Laws degree (LLB).
Hogan Lovells	Our minimum requirement is a Bachelor of Laws (LLB). We employ well-rounded individuals who display ambition, determination, perseverance and the ability to interact with colleagues at all levels. You are most likely to be successful with a record of high academic and leadership achievements.
Maitland	Honours Taxation, Honours CA and BCom.
Norton Rose Fulbright	LLB, BA Law and BCom Law. (Students with undergraduate in Economics welcome.)
Webber Wentzel	Bachelor of Laws (LLB). An additional qualification in commerce or a similar programme is advantageous. Candidates may apply from 2nd year LLB.
Werksmans	LLB, BA Law and BCom Law.

TOP 25% OF GRADUATING CLASS

CLIFFE
DEKKER HOFMEYR
EVERSHEDS SUTHERLAND
FASKEN
HOGAN LOVELLS
MAITLAND
WEBBER WENTZEL

OTHER

NORTON ROSE
FULBRIGHT
65% pass on average year on year

NO MINIMUM GRADE REQUIREMENT

BAKER MCKENZIE
BOWMANS
ENSAFRICA
WERKSMANS



MINIMUM GRADE REQUIREMENTS FOR ADMISSION

PERSONAL QUALITIES PREFERRED IN AN APPLICANT
(assuming the minimum grade requirements are met)

	PREFERRED QUALITY #1	PREFERRED QUALITY #2	PREFERRED QUALITY #3	PREFERRED QUALITY #4	PREFERRED QUALITY #5
Baker McKenzie	Know how	Dedication	Humanity	Personal impact	-
Bowmans	Interpersonal skills	Practical knowledge	Eagerness to learn	-	-
Cliffe Dekker Hofmeyr	Enthusiastic	Eager to learn	Resilient	Dynamic	Generally, we find that candidates who have interests in areas outside of their studies (sport, culture, university involvement, community work) have the personal qualities we are looking for
ENSAfrica	Committed to excellence in their work	Driven, passionate and hungry to learn	Strong persuasive and questioning skills	Communicates openly, clearly and concisely (verbally and in writing)	Effective listening skills
Eversheds Sutherland	Innovative mind	Team player	Hard-working	Meticulous and thorough in their work	-
Fasken	Grit	Team work	Attention to detail	Affable	Agile
Hogan Lovells	Top achiever	Diligence	Passion for learning	Giving your best to clients	Being a team member
Maitland	Problem solving	Numeric ability	Logic	Team player	Goal orientated
Norton Rose Fulbright	Well rounded individual who excels academically and has other interests	Display of leadership qualities	Social consciousness	Team player	-
Webber Wentzel	Academic excellence	Intelligent problem solver	Resilient team player	Driven finisher	Impactful networker
Werksmans	Passion for corporate and commercial law and the Werksmans brand	Integrity	Resilience	Intellect and commercial awareness	Detail orientated and team player

MOST COMMON MISTAKE LEADING TO A FAILED HIRE (assuming the preferred qualities are met)

Baker McKenzie	Culture fit and competency.
Bowmans	Lack of alignment with the firm's values. Limit to the number of places available.
Cliffe Dekker Hofmeyr	Candidates who demonstrate values that are not consistent with the firm's values.
ENSafrica	Insincerity in their motivation to work at ENSafrica. More importantly, there has to be a match between the firm's values and those of the individual. However, graduate recruitment across law firms is competitive and some candidates can perform better in the recruitment process than others.
Eversheds Sutherland	Poor references.
Fasken	Fit and culture.
Hogan Lovells	Not being selected in the graduate programme for reasons such as not meeting minimum grade requirements, being rated low on moot court presentations and general work assessments during vacation work.
Maitland	Lack of attention to detail and job not meeting candidate's expectations.
Norton Rose Fulbright	Limited space to accommodate Candidate Attorneys; culture fit.
Webber Wentzel	Inability to demonstrate applied knowledge. Lack of commercial awareness. Not showing up fully in the process, especially through the application itself and the interviews.
Werksmans	Being unprepared; not showing enough passion for the chosen career path; and culture fit.

RECRUITMENT PERIOD FOR ENTRY-LEVEL TAX-RELATED HIRES

Baker McKenzie	We recruit annually for our Graduate Recruitment Programme (Practical Vocational Training). Applicants must be in the process of completing or have completed their law degree. Successful candidates can spend up to 6 months in our Tax Department.
Bowmans	Applications for articles are open until places for that particular year's intake are full. Applications for 2021 & 2022 are currently open.
Cliffe Dekker Hofmeyr	Provided the candidate has completed (or is in the process of completion of) his or her law degree, they can apply for practical vocational training at our law firm.
ENSafrica	Annually
Eversheds Sutherland	Annually
Fasken	Annually
Hogan Lovells	N/A
Maitland	Every few years
Norton Rose Fulbright	Offer contract of articles for LLB graduates to become attorneys. Tax may be a 6 month rotation in the 24 month period of articles.
Webber Wentzel	We do not specifically recruit for tax. We recruit law students, of which some get the opportunity to rotate into tax as one of their three rotations.
Werksmans	We do not specifically recruit for tax, we run a Candidate Attorney programme (Articles) for Law graduates who are interested in becoming Attorneys. We recruit every year for 2-3 years ahead.

FORMAL HIRING PERIOD FOR ENTRY-LEVEL TAX CANDIDATES

BAKER MCKENZIE	BOWMANS	CLIFFE DEKKER HOFMEYR	ENSAFRICA	EVERSHEDS SUTHERLAND	FASKEN	HOGAN LOVELLS	NORTON ROSE FULBRIGHT	WEBBER WENTZEL	WERKSMANS
Jan-Dec	Jul-Oct	Jan-Oct	Feb-Aug	Aug-Dec	Jan-Aug & based on our business needs	Feb-Jan	Based on our business needs	Mar-Sep	Feb-Mar



MINIMUM REQUIREMENTS FOR APPLICATIONS

Hogan Lovells	Applicants need to obtain an academic average of 65%
Maitland	BCom degree
Norton Rose Fulbright	LLB with 65% academic average
Webber Wentzel	BCom, BA Law or LLB; academic excellence; interests outside of studies; South African citizen
Werksmans	LLB

Baker McKenzie	LLB, BCom Law, BA Law, BSocSci LLB, BAcc LLB, and postgraduate LLB
Bowmans	The student should be achieving an academic average of 65% and higher
Cliffe Dekker Hofmeyr	Academic excellence, interest outside their studies, the right attitude and well-rounded candidates
ENSAfrica	<ul style="list-style-type: none"> Strong and consistent academic performance Ability to work in a team Strong communication skills (verbal and written) Analytical thinker Flexible and resilient individual Ethical
Eversheds Sutherland	BCom LLB or LLB degree in order to apply for our two-year articles of clerkship
Fasken	Law degree

HOW CAN UNIVERSITY STUDENTS FORMALLY APPLY?

	HR DEPARTMENT	WEBSITE	POSTINGS OUTSIDE WEBSITE
Baker McKenzie	-	https://www.bakermckenzie.com/en/careers/job-opportunities/emea/south-africa/candidate-attorney-2022	-
Bowmans	-	www.bowmanslaw.com/careers/graduate-opportunities/	We do use the options provided by the various universities
Cliffe Dekker Hofmeyr	Apply4lawJHB@cdhlegal.com	www.apply4law.co.za	Recruitment microsite: www.apply4law.co.za
ENSafrica	graduates@ENSafrica.com	www.ENSafrica.com	We advertise using the various universities' career portals and we also use print media through university publications
Eversheds Sutherland	careers@eversheds-sutherland.co.za	www.eversheds-sutherland.com/global/en/where/africa/south-africa/overview/careers/index.page	We may advertise on LinkedIn from time to time and at universities.
Fasken	Carlen Brady: cbrady@fasken.com	https://fasken.erecruit.co	GradStar, email groups at universities, Twitter, LinkedIn, Facebook and Instagram
Hogan Lovells	-	https://www.hoganlovells.com/en/global-careers/careers-in-south-africa/career-categories/candidate-attorneys	-
Maitland	-	www.maitlandgroup.com/careers/	LinkedIn
Norton Rose Fulbright	-	www.nortonrosefulbright.com/za/careers/	-
Webber Wentzel	articles@webberwentzel.com	www.webberwentzel.com	Webber Wentzel Facebook and LinkedIn
Werksmans	-	www.werskmans.com/graduates	-

DO YOU EVER HIRE ACCOUNTANTS?

WE HIRE ACCOUNTANTS STRAIGHT OUT OF GRADUATE SCHOOL

WE HIRE ACCOUNTANTS AS MID-LEVEL ASSOCIATES (WITH SEVERAL YEARS OF EXPERIENCE)

	WE HIRE ACCOUNTANTS STRAIGHT OUT OF GRADUATE SCHOOL	WE HIRE ACCOUNTANTS AS MID-LEVEL ASSOCIATES (WITH SEVERAL YEARS OF EXPERIENCE)
Baker McKenzie	No	No
Bowmans	No	No
Cliffe Dekker Hofmeyr	Yes	Yes
ENSafrica	No	From time to time
Eversheds Sutherland	From time to time	From time to time
Fasken	No	No
Hogan Lovells	No	No
Maitland	From time to time	From time to time
Norton Rose Fulbright	No	From time to time
Webber Wentzel	No	From time to time
Werksmans	No	No

CANDIDATE ATTORNEYS IN GRADUATE PROGRAMMES

Wholly dedicated to tax

- CLIFFE DEKKER HOFMEYR
- ENSAFRICA
- MAITLAND
- WERKSMANS

Serve on a rotation in tax

- BAKER MCKENZIE
- BOWMANS
- CLIFFE DEKKER HOFMEYR
- ENSAFRICA
- EVERSHEDS SUTHERLAND
- HOGAN LOVELLS
- NORTON ROSE FULBRIGHT
- WEBBER WENTZEL
- WERKSMANS

WINTER PROGRAMMES OFFERED TO STUDENTS WHO ARE STILL STUDYING (WITH AN OPTION TO DO TAX)

Baker McKenzie	Our vacation programmes run in January and June/July every year. The candidates who are invited to attend are allocated to different departments. If a candidate specifically wishes to be placed in the Tax Department, we make every effort to try and accommodate but this is dependent on the operational requirements.
Bowmans	We offer a one-week vacation programme in both our Cape Town and Johannesburg offices every June/July and November/December. During this programme students take part in a series of activities that will allow them to understand our firm, our culture and our people. They are given an opportunity to get involved in practical work exposure by shadowing an attorney in a practice area of their choice (tax included).
Cliffe Dekker Hofmeyr	We offer vacation programmes for law students bi-annually (Summer and Winter). Candidates who are selected are required to submit a wish list of departments in which they wish to gain experience. Tax is one of the departments that they can select.
ENSafrica	We host annual winter and summer vacation programmes during the semester breaks, generally over the last week of June and the first week of July as well as the last week of November and the first week of December. Vacation students can be placed in the tax team should they choose it.
Eversheds Sutherland	Our winter programme takes place in June/July of each year. The focus is on various areas of law (there is no option to do tax only).
Fasken	We offer a 2-week vacation work programme for law students in their second or third year of studies.
Hogan Lovells	The firm hosts a summer and winter vacation programme for candidates in the penultimate year of their LLB. A candidate could spend time in the tax team if they get allocated to a tax rotation.
Norton Rose Fulbright	The programmes are aligned to the varsities' June / July as well as November / December vacation periods. Prospective candidates who are selected attend a winter or summer vacation programme. This is not specifically aimed at Tax law students.
Webber Wentzel	Our vacation programme runs for two weeks in June/July each year. During the vacation programme, participants may be placed within the Tax Practice group.
Werksmans	We offer a winter and summer vacation programme for law students. The winter programme takes place during June/July and the summer programme during November/December each year.

NUMBER OF PROFESSIONALS IN THE FIRM'S SA TAX DEPARTMENT

	PARTNERS	OTHER TAX PROFESSIONALS
Baker McKenzie	3	4
Bowmans	14	21
Cliffe Dekker Hofmeyr	8	5
ENSafrica	14	29
Eversheds Sutherland	7	35
Fasken	1	1
Hogan Lovells	2	2
Maitland	0	6
Norton Rose Fulbright	1	3
Webber Wentzel	14	18
Werksmans	5	4

WHY SHOULD A GRADUATE CHOOSE YOUR FIRM AS OPPOSED TO A COMPETITOR'S?

Baker McKenzie

We are The New Lawyers. Lawyers who collaborate across borders, markets and industries around the globe to solve our clients' most complex problems. Baker McKenzie presents a unique working environment that will leave graduates not just amazed, but law-struck, by the quality of the work we offer, the breadth of our international opportunities, our relentless desire to be the most diverse law firm out there and our friendly and collegiate approach to the way we work. We are innovators. One of the very first global firms. We embrace new technology, inspire each of our lawyers with the most challenging and high profile work and pay much more than just lip service to important issues such as gender, ethnicity and inclusiveness. Our roots can be traced back to a shared taxi ride home for two successful lawyers in 1948. In that cab, Russel Baker and John McKenzie discovered they had a shared vision - the desire to create a global law firm of talented local lawyers.

Bowmans

One of our greatest strengths is our culture, which is friendly and informal and offers our candidate attorneys the freedom to mould their own experience within a supportive environment. Our firm is not simply a place of work; it is also the place where professional experience is developed and lasting relationships are formed.

Cliffe Dekker Hofmeyr

We are a leading commercial law firm in South Africa. Our tax and exchange control department has an excellent reputation with the most revered tax attorneys in the legal industry. Candidates are rotated through four different practice areas in which they are exposed to working with leading industry practitioners. We also feel that it is important for our employees to 'live our values' which include respect, excellence, stewardship, integrity and team work.

ENSafrica

As Africa's largest law firm, ENSafrica is devoted to providing top-quality legal, tax and forensics services to our clients, offering innovative and creative solutions tailored specifically to individual client needs. We maintain our reputation by constantly re-inventing ourselves and challenging employees to create inspired solutions which mirror the changing political, social, economic and environmental landscape.

We currently have offices in Accra, Cape Town, Dar es Salaam, Durban, Johannesburg, Kampala, Kigali, Port Louis, Stellenbosch, Swakopmund, Walvis Bay and Windhoek and a growing presence throughout the rest of the continent.

In addition, we operate two pro bono offices in the townships of Alexandra (Johannesburg) and Mitchells Plain (Cape Town). These offices – the first of their kind in South Africa – provide free access to justice for individuals who would otherwise be unable to afford legal advice and representation. ENSafrica provides quality legal services on their doorstep.

Eversheds Sutherland

Our legal practice is one of the few global brands in South Africa. Having 66 offices in 32 jurisdictions, the room for experience and growth is vast. Our recent merger with the United States has brought about an increased level of tax experience and requirements from clients. Further to this is the fact that we work very closely with our Mauritius office. The experience afforded to our team is invaluable. As the tax team is growing, there is opportunity for graduates.

Fasken

- Excellent training provided
- Rotation in different departments
- Global firm
- Exposure to partners

Hogan Lovells

We are a global law firm with over 45 offices around the world. Working together with our offices creates an array of knowledge hubs which consist of international standards and exposure. We also believe in giving our candidates opportunities to learn the practical side of law through interactions with clients. In addition, our retention rate is high.

Maitland

We are a good training ground for entry level professionals and young dynamic people who want to work towards a common goal. We are a global company and the graduate would build specialised tax knowledge and experience from a South African, but also cross-border perspective.

Norton Rose Fulbright

Multinational firm with opportunities to do secondments overseas and to work with teams outside of South Africa providing more exposure to graduates.

Webber Wentzel

Founded in 1868, Webber Wentzel is today one of Africa's leading law firms, providing clients with innovative solutions to their most complex legal issues. Our candidate attorney programme offers invaluable exposure and training from the best legal minds in the industry, and diverse development opportunities to help each candidate attorney become a valued member of our firm, get involved in the leadership network, and become responsible citizens. We believe in cultivating the knowledge and skills of our people to help them launch successful careers in law. Our candidate attorneys are encouraged to enhance and add value to the services that we provide to our clients.

Werksmans

Our dynamic culture and extensive training and development.

EMPLOYMENT SUCCESS STORIES

& INSIDER TIPS FROM HR

We highlight the success stories of three individuals who made the progression from tax student to young professional.



SDUDZO MHLONGO

Tax Advisor at Bowmans

What does your current job entail?

My current role comprises many different elements as I work as part of a bigger team of well-seasoned tax professionals, assisting clients on a variety of matters within the tax space. I do a lot of research, interpretation, drafting and submitting of legal documents for clients on a range of matters within the tax space, as well as furnishing of legal opinions and advising clients on various tax-related issues, attending consultations with clients and engaging with other stakeholders, mainly the South African Revenue Service.

Why did you choose tax as a profession?

I have to admit that it was purely by coincidence. I knew I wanted a career that would be fulfilling and challenging. So, in the final year of my legal studies, I chose tax as an elective because it was less popular than the others and therefore both more challenging and more likely to offer opportunities from a career perspective.

Our lecturer was good at setting out the importance of the tax system and how it is a microcosm of society. When I realised that there is a whole tax world out there, I immediately started doing research on whether prospective employers offered tax in their practices.

“Your technical or academic skills might get you through the door but it is the soft skills that will keep the conversation going thereafter.”

The truth is, the perception that tax at law firms is all about helping taxpayers structure their affairs to pay less tax is far from the truth. This is not the reason why I chose tax. I chose it because I enjoy statutory interpretation, being part of policy changes every year and having a seat at the table when any type of transaction is contemplated.

Your journey to success

I have an LLB degree and a Mining Tax Certificate. I am currently studying towards a Master of Commerce in Accountancy and Taxation.

I realised in first year that because there were over 200 students, and we were all hoping to be employed by the same employers, I had to put in the work.

I did research on all potential employers. This was a holistic exercise. I was not interested only in the location of the firm or how much I would be remunerated but in the firm's signature matters, values, growth opportunities and culture. Pulitzer Prize-winning American author, Studs Terkel said *“Work is about a search for a daily meaning as well as daily bread, for recognition as well as cash, for astonishment rather than torpor;*

in short, for a sort of life rather than a Monday through Friday sort of dying". I want to be in an environment where you can be the best tax professional. I attended all of the career show days to meet the faces behind the Bowmans brand and HR representatives.

Once I was convinced that this was indeed a suitable employer, I submitted my CV and motivational letter, setting out why I was a suitable candidate.

I was then invited for an interview and given the opportunity to attend various selection programmes that are in place to help candidates get to know the firm intimately while demonstrating why they are the best candidate.

Any practical advice to students embarking on this journey?

Firstly, when approaching a career in tax, find out which areas interest you, such as disputes, taxpayer rights or structuring and so on.

Secondly, know and follow your own unique strength. Every tax professional has an elected skill. Research and apply for vacation work and attend career showcases at your campus. This will enable you to meet and engage with prospective employers and determine whether a certain organisation is the right fit for you.

Once you are done with your research, prepare your CV and start applying. Do not be afraid to contact firms' HR consultants or managers regarding internships or articles. Remember, you are not the only one applying, so get creative and stand out. Keep in mind that employers are looking for a skill, so make sure that you do not sell yourself short.

Finally, an important thing to note about a career in tax is that tax is ever changing, challenging and diverse. To be a seasoned professional, you need business acumen and problem-solving skills. One thing that tends to be overlooked when advising students is the importance of focusing on soft skills, like public speaking and presenting, even networking. Your technical or academic skills might get you through the door but it is the soft skills that will keep the conversation going thereafter.



BOWMANS' HR DIVISION

How to make your application stand out

The best way is to be honest and forthright from the start. The aim should be to indicate the direction they intend on taking their careers while expressing the value they can bring to the prospective employer. Once that is confirmed, they should design their CVs in an easy to read, clear and grammatically correct style.

CV musts and no-nos

This is subjective but, most importantly, the CV must always be correct and truthful. Incorrect or dishonest content leads to the individual's character being questioned. From an ethical point of view, that is a definite no-no. A must-have is updated contact details. Recruiters read countless applications, often working under pressure. Incorrect contact details can delay the process. In addition an alternative number is always a good idea.

Practical advice to students when applying

Always apply well ahead of the closing date and ensure that your application contains all of the information you want it to include.

Keep in mind that a recruiter will probably want to talk to you quite soon after you submit your application if you qualify to move to the next step in the process. So, make sure that you are available through the channels of communication that you have indicated on your application.



TSANGADZAOME MUKUMBA

Candidate attorney in the Tax and Exchange Control practice at Cliffe Dekker Hofmeyr

”
“Plan. Have an idea of where you want to end up and plot your path to getting there.”

What does your current job entail?

As a candidate attorney in the Tax and Exchange Control practice at Cliffe Dekker Hofmeyr, the bulk of my work is to provide support for the transactions my team advises on. This typically involves researching specific rules of income tax law across various jurisdictions, and then applying the findings in drafting the first versions of agreements, options or tax structuring memoranda.

Why did you choose tax as a profession?

Tax is an all-encompassing, multifaceted area of the law that is foundational to most societies in the world. It incorporates the detail-oriented and semantic artfulness of true black letter law, but also the broad sweeping social engineering policy questions.

I find the sheer complexity of the Income Tax Act and the interpretative acrobatics which courts have performed to safeguard the fiscus from artful tax practitioners fascinating.

Your journey to success

After completing a degree in politics and philosophy, at the age of 23 I completed an LLB. Before embarking on a journey in the corporate sector, I chose to take a ‘gap year’ working at an NGO called the Parliamentary Monitoring Group.

Eventually, I began my LLM in Tax and focused my monitoring activities on the Standing Committee on Finance. Seeing the tax law amendment cycle in practice was a fascinating experience. I approached SCOF

to volunteer my tax law skills to equip its members to tackle the tax bills more effectively and have a third-party opinion on proposals by SARS, National Treasury and corporate stakeholders.

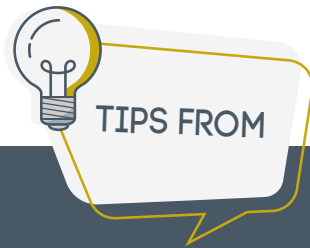
Whilst applying for a position at South Africa’s leading law firms, I found a great opportunity to work in the legal sphere at the Legal Resource Centre as the Openness and Accountability Researcher.

At the Legal Resource Centre I grew tremendously. I got the opportunity to lead projects, work in multi-jurisdictional teams on projects, engage with people I thought far beyond my reach such as United Nations Special Mechanisms, and speak on major platforms such as the African Commission on Human and Peoples’ Rights. My focus was information rights, particularly internet governance, which was far removed from tax, but which gave me insight into one of the newest areas of law: privacy online.

Having started at Cliffe Dekker Hofmeyr, I realise that my experience has allowed me to be far better equipped for this journey than had I joined the firm straight out of my LLB.

Any practical advice to students embarking on this journey?

Plan. Have an idea of where you want to end up and plot your path to getting there. If events take over and throw you off that path, keep at it and be dynamic enough to take it in your stride.



CLIFFE DEKKER HOFMEYR'S HR DIVISION

How to make your application stand out

It is important for applicants to remember that their cover letter and CV is an opportunity to introduce themselves to a company and this forms part of their first impression with a recruiter.

An applicant's documents should therefore reflect a combination of the following:

- Experience to reflect your eligibility for the position
- Personal information that provides insight into who you are (think: why you?). Your authenticity is what makes an application stand out

CV musts and no-nos

Basic information such as contact details must be accurate. It should be professional. This includes well written, formal and logically ordered text, correct spelling and grammar and a professional picture (if included). It is always ideal to target your CV. This means the content stating, e.g., your skills and experience must be relevant to the position.

Proofread your CV to ensure that it is neatly presented, comprehensive and concise and that it presents you in the best manner possible.

Practical advice to students when applying

Always pay close attention to the closing date for a position in which you are interested and apply early.

Research the company, follow their social media pages to gain an insight into their culture and see if it is a potential professional fit for you.



BOITUMELO

CHARITY MOTHIBA

*Operational Specialist:
Complaints Resolution at the
Office of the Tax Ombud*

What does your current job entail?

I am responsible for investigating and reviewing complaints from taxpayers regarding any service issue or procedural or administrative issues in the application of a tax Act in accordance with section 16 of the Tax Administration Act. This includes mediation between taxpayers and SARS to get taxpayer complaints resolved.

Why did you choose tax as a profession?

I was fascinated by the realisation that tax runs through every commercial transaction, from a simple purchase of basic food stuff to employment and running a business. If this was going to be part of my everyday interactions, then I was intrigued to know more about it.

Your journey to success

My career in tax, I would say, partly started in high school when I elected commercial subjects. I then enrolled for a BCom Accounting Degree at the University of Johannesburg in 2011 to 2013 with the initial intention of pursuing a career as a Chartered Accountant. I later decided against that career as I figured I would have followed it for all the wrong reasons. In my second year I decided I would follow the general accounting route, with no direction of what I wanted out of it. I came across Tax as one of the modules in the second semester of my second year. I dreaded Tax from the first lecture until I actually made time and focused on it. From then onwards, I decided I would follow





“Collaborate with industry experts who can impart their knowledge, and attend tax-related events to keep abreast of changes.”

- ▶ a career in taxation. Hence I registered for an Honours in Accounting specialising in Taxation. During my Honours year I applied to various tax organisations until I got accepted to do a graduate programme at the Office of the Tax Ombud for two years. When my graduate contract ended, I was absorbed into a permanent position as Officer: Complaints Resolution.

During this period, I was motivated to study more to keep up to date with the changes in tax law and also further my knowledge of what I already knew. I enrolled for a Master of Commerce degree in Taxation with Rhodes University. The Office of the Tax Ombud also advertised positions which I took an interest in. I applied and landed the role of Operational Specialist in Complaints Resolution. All this from varsity to my current position entailed hard work and respecting the goal that I wanted for this period.

Any practical advice to students embarking on this journey

Empower yourself with knowledge and understanding. While tax is a complex matter, it is forever evolving. But if you get it right the first time and are consistent in investing your time into it, then you are set. Collaborate with industry experts who can impart their knowledge, and attend tax-related events to keep abreast of changes to prepare you for a career in a tax environment.



THE OFFICE OF THE TAX OMBUD'S HR DIVISION

How to make your application stand out
CVs must be concise and long write-ups should be avoided (the CV should not exceed five pages).

It is important to have an executive summary in the beginning of the CV where you highlight the achievements that stood out from your academic years (e.g., recognised as the best student in writing or presentation, recognised by the Faculty as an outstanding student, commendation letters received from lecturers, etc.).

Include the reasons why you want to work for a particular organisation. Always do your research and see how you will fit in based on your academic record, skills and interests.

CV musts and no-nos

- Always double check your spelling and grammar usage
- Avoid negative write-ups about why you want a job, e.g., you want to earn a high salary
- Do not belittle anyone on your CV
- CV must be in black and white

Practical advice to students when applying

- Always research the company you want to work for, identify the gaps and use them to put together a motivation that stands out about why you would like to work for the company and why you fit
- Attend the company's events where possible and try to ask relevant questions that will make the prospective employer notice you
- Follow the latest information about the company, check their social media accounts and comment positively and show interest

Q&A WITH THABISO MOHOKARE

Why a career in tax is a good idea

We ask Thabiso Mohokare, SAIT Member and Senior Tax Manager at Liberty, why a career in taxation is the way to go.

Thabiso Mohokare is the Senior Tax Manager: Transfer Pricing and International Tax at Liberty Group South Africa. He holds an MCom in Taxation & PGDip in Business Studies. With 10 years of experience in transfer pricing, he has worked both in the big four firms (from a consulting perspective) and for the revenue authority (from an auditing and compliance perspective). Thabiso's prime responsibility at Liberty is to ensure tax compliance in the following areas: transfer pricing, international tax, base erosion and profit shifting, country-by-country reporting and international group projects. We asked Thabiso what a career in taxation is like.

What is the high point of your career so far?

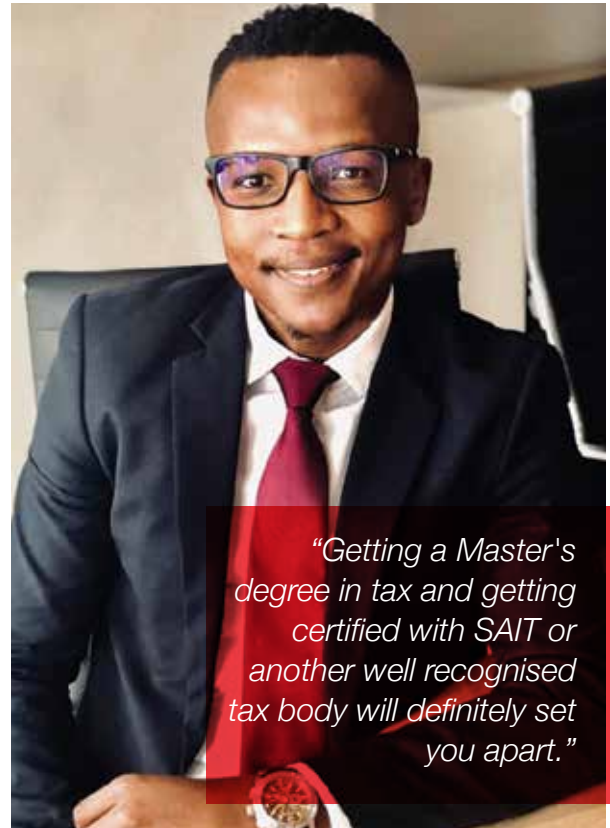
The highest point of my career would be when I was still working for the South African Revenue Service as Manager – Compliance Risk: Transfer Pricing and International Tax (Acting). I was involved in one of the biggest audits and settlements that had ever been raised in the country. The audit became a turning point in South African transfer pricing compliance as more and more companies started taking transfer pricing compliance seriously. This resulted in better enforcement of the rules and protection of the country's tax base.

What are the most enjoyable aspects and challenges of your present position?

The one thing I enjoy most about my present position and work is that it allows for me to work on high-profile projects, as one is always trying to solve uncommon issues where there is no one right answer. The kind of work that I get involved in is therefore more practical, which allows me to work with people from different divisions with diverse skills and expertise to ensure risk is managed appropriately and policy is implemented accordingly.

Do you specialise? In which areas?

Yes I do, I am a transfer pricing specialist. My role entails ensuring statutory international tax compliance for companies within the group and providing tax advice where appropriate.



“Getting a Master's degree in tax and getting certified with SAIT or another well recognised tax body will definitely set you apart.”

Which type(s) of tax services does your firm provide?

The firm I work for does not necessarily provide tax services to the public. I work in a tax function within the group that aims to promote and ensure compliance with all direct and indirect taxes and tax reporting obligations for which the group is accountable.

Why is a career in tax a good idea?

As founding father Ben Franklin quipped centuries ago, "The only sure things in life are death and taxes." This therefore means that the job market for tax people is very solid. I have realised that finding employment is not an issue: The problem is the quality of the job you get (i.e., will it grow you and your career?).

What is the best way of getting started in tax?

Get a Bachelor's degree that is tax focused. After that try to look for internships or graduate programmes that will hone your skills and help you gain experience. After this, decide on the area in tax you would like to specialise in and try to get more experience in it. Getting a Master's degree in tax and getting certified with SAIT or another well recognised tax body will definitely set you apart and open more doors in tax for you.



Q&A

The Tax Helpline service is available exclusively to SAIT members. Log your tax-related technical queries via www.thesait.org.za



We look at questions posed by our members to the technical experts on capital gains, exemption from donations tax, record-keeping, provisional tax payments and VAT.

Q The Davis Committee, in its first interim report on estate duty, identified a phrase in paragraph 80(2) of the Eighth Schedule to Income Tax Act as meaning that a vesting and distribution to a resident beneficiary in the same year of a capital gain would not trigger a capital gain tax event. Is this view correct?

We submit that the recent amendment to paragraph 80(2) addressed this 'deficiency'. We copy the amendment of the paragraph below for ease of reference:

"(2) Subject to paragraphs 64E, 68, 69 and 71, where a trust determines a capital gain (or, if that trust is not a resident, would have determined a capital gain had it been a resident) in respect of the disposal of an asset [by a trust] in a year of assessment during which a [trust] beneficiary of that trust (...) to an amount derived, directly or indirectly, from that capital gain or from the amount that would have been determined as a capital gain had that trust been a resident but not to the asset disposed of, [the disposal of which gave rise to the capital gain,] an amount that is equal to so much of [the capital gain as is equal to] the amount to which that [trust] beneficiary of that trust is entitled in terms of that right as consists of or is derived, directly or indirectly, from—

- a. *that capital gain must be disregarded for the purpose of calculating the aggregate capital gain or aggregate capital loss of the trust; and*
- b. *that capital gain or the amount that would have been determined as a capital gain must be taken into account as a capital gain for the purpose of calculating the aggregate capital gain or aggregate capital loss of [the] that beneficiary [who is entitled to that amount]."*

In terms of Act No. 23 of 2018, this amendment comes into operation on 1 March 2019 and applies in respect of disposals on or after that date.

One could see this amendment as confirmation that the view held by practitioners (or the deficiency) was the correct one and would apply until the date of the amendment.

Q My client pays his mom's monthly expenses. Can this be treated as a donation in his hands and if so, is there a limit on the amount that he is allowed to declare as a donation?

There is no deduction that is allowed for purposes of donations tax. You are probably referring to the section 56(1)(b) exemption from donations tax that is available to natural persons in respect of each year of assessment.

We are not sure why you do not believe that the exemption, from donations tax, found in section 56(2)(c) of the Income Tax Act, applies here. The Act states the following: "Donations tax shall not be payable in respect of so much of any bona fide contribution made by the donor towards the maintenance of any person as the Commissioner considers to be reasonable."

It may be because of the nature of the expenses. The specific provision (section 56(2)(c) of the Income Tax Act) uses the words "as the Commissioner considers to be reasonable". In principle, SARS (the Commissioner) may conclude that not all of the amount paid to the person is a bona fide contribution made towards maintenance, in which case they will assess what is reasonable on that portion of the contribution which they consider bona fide. SARS may also find that the full amount paid is a bona fide contribution, but that in their opinion only a portion of it is reasonable. It is generally accepted that a conclusion of this sort (by SARS) appears difficult to sustain. In general, if the amount paid is a bona fide contribution towards maintenance, it is unlikely that it can be found to be unreasonable.

Q SARS is withholding tax refunds, claiming the 2007 tax return of the client was not lodged. The problem is that the client only kept tax records for five years and, seeing that the client was an independent contractor, had deductions. Now they cannot prove they were entitled to deductions. Is SARS allowed to do this?

We accept that the refund relates to a year of assessment other than the 2007 one.

The position is that SARS, under section 190(2) of the Tax Administration Act, is entitled to withhold a refund. We quote from the section: “SARS need not authorise a refund as referred to in subsection (1) until such time that a verification, inspection or audit of the refund in accordance with Chapter 5 has been finalised.”

But, as Judge Sutherland explained, “... the power to refuse to pay a refund is limited to an examination of the contemplated refund itself ... an examination of income tax affairs of the taxpayer cannot be relevant as a brake on the invocation of section 190(1) entitling the taxpayer to the refunds.”

The SARS service charter states that SARS should “conclude an audit within 90 business days from the date all required supporting documents are received.” This may well not refer to the audit of a refund.

The period that a taxpayer is required to keep records is set out in section 29 of the Tax Administration Act. Subsection (3) reads as follows:

- “Records, books of account or documents need not be retained by the person described in—
- a. subsection (2)(a), after a period of five years from the date of the submission of the return; and
 - b. subsection (2)(c), after a period of five years from the end of the relevant tax period.”

The taxpayer would then only be able to rely on the five-year rule if the returns were in fact submitted.

Q If my client doesn't have money in February to pay for provisional tax, should we estimate correctly and pay what we can? Can we pay the remainder before June without any penalties and interest? How does the third provisional payment work?

If you estimate correctly but underpay, interest on late payment will run from 1 March (see paragraph 27 of the Fourth Schedule). Rather estimate at a figure the client can afford and pay that amount. Then some time before the end of September, or preferably as soon as possible before that date, make the third provisional “top-up” payment for the balance. This will save the interest.

But remember the two-tier penalty system: If your client's taxable income turns out to be more than the estimate, there is

a penalty depending on whether your client's taxable income is more or less than R1 million. This penalty is an understatement penalty in terms of section 223 of the Tax Administration Act. So you can save the interest charge, but your client might pay the understatement penalty. We cannot give you specific advice, but use the figures and compare whether the penalty might be worse than the interest you save.

Q A client started a business a while ago and is registered for VAT. Until now, no VAT returns have been submitted and we want to do so now. This client's input VAT exceeds their output VAT due to start-up costs and bulk purchases for specialised items they sell. We received advice from the Nelspruit SARS branch on another company that in cases where the input VAT exceeds the output VAT, the company should file a zero return until the output VAT exceeds the input VAT. Then the former input VAT not claimed may be offset against the future output VAT in order to reduce the company's VAT liability. Is this the correct way to treat VAT in this instance?

Output tax is payable in the tax period to which the output tax is attributable. Output tax is attributable to the tax period in which the time of supply takes place, normally the earlier of invoicing or receipt of any payment of the consideration for the supply. Nil returns may therefore never be submitted in respect of any tax period in respect of which taxable supplies had been made and in respect of which output tax is payable.

As far as input tax is concerned, input tax must be claimed in the tax period that the supply is made to the vendor, unless the vendor elects to make the deduction in a later tax period. The delayed deduction must then be made within a period of five years from the time that the vendor first became entitled to the deduction.

The structure of the VAT Act allows for and is based on the premise that where the amounts of input exceed the amounts of output tax in any tax period, a refund must be made by SARS to the VAT vendor. To defer the input tax deduction to a later tax period not only makes little commercial sense, but also undermines the basic structure and purpose of the VAT Act. We therefore recommend that the VAT returns be submitted reflecting the input and output tax as it relates to each tax period in respect of which a VAT return is to be submitted.

Case Law

Wrap-up

► **NATASHA WILKINSON**, natasha@taxconsulting.co.za

We summarise a case dealing with output VAT on the supply of promotional products as part of advertising and promotion services to the brand owner of a vendor.

ABC (PTY) LTD v C: SARS VAT Case 1558

Issue

Whether section 8(15) of the Value-Added Tax Act finds application.

Facts

The taxpayer is a vendor who manufactures and distributes drinking beverages in South Africa in terms of an exclusive-rights distribution agreement entered into with offshore entities ("the brand owners"). In doing this, the taxpayer uses the brand owners' intellectual property.

The taxpayer provided the brand owners with a single supply of an advertising and promotion (A&P) service. Included in this service, was, amongst others, the supply of promotional products that were distributed locally by X entity (the taxpayer's subsidiary and joint venture partner) to local customers. For this service, the taxpayer invoiced the brand owners a fee. There is no differentiation on the tax invoice between: (a) the A&P services rendered to the brand owners; and (b) the goods consumed in South Africa. Instead, the invoice refers to these as one globular service rendered by the taxpayer.

SARS issued additional assessments against the taxpayer, in terms of which output tax was levied at a rate of 14% on the goods part of the supply of the A&P service on the basis that the goods supplied by the taxpayer are deemed to be a separate supply in terms of section 8(15) of the VAT Act.

While SARS issued additional assessments in respect of the goods component, SARS accepted the remainder

of the service (being specifically the A&P service) as having been properly zero-rated by the taxpayer in terms of section 11(2)(l) of the Act and therefore, this is not an issue considered by the court in the present matter.

Outcome

The court found that section 8(15) of the VAT Act finds application and that, therefore, the basis for the issuance of SARS' additional assessments are correct in law.

Core Reasoning

The court held that section 8(15) of the VAT Act applies where there is either a single supply of goods or services, or of goods and services by one vendor. In terms of this deeming provision, the composite parts of a single supply are deemed to be separate supplies where, if the goods or services or goods and services had been supplied separately, each separate supply would have attracted output tax at a different rate.

In deciding whether section 8(15) found application to the facts at hand, the court held that the economic nature and commercial reality of the transaction had to be considered.

In respect of the promotional goods supplied by X entity, the court found that this supply was made on behalf of the taxpayer, in the performance of the taxpayer's contractual obligations to the brand owners, and that this supply was part of the A&P strategy identified in the provision of the A&P service to the foreign brand owners. Furthermore, the purpose of the supply of the promotional goods was to increase brand equity and sales for the brand owners and was therefore within the ambit of the single A&P service rendered by the taxpayer. Accordingly, the supply of the promotional goods to local customers as a portion of the single A&P service is a supply which is capable of notional separation for purposes of section 8(15).

Therefore, as section 8(15) deems the promotional goods to be a separate supply, this separate supply of goods (which are consumed in South Africa and not exported) to local customers is a supply which is subject to output tax at the standard rate in terms of section 7(1)(a) of the VAT Act. Section 11(2)(l) does not apply, to allow for the supply to be zero rated, as this provision applies only to a supply of services and not of goods. This results in the taxpayer being required to make an output tax adjustment in respect of the supply of the goods by it, and as detailed in the assessments raised by SARS.

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BUDGET & TAX UPDATE MARCH 2019

 SEMINAR

 4 HOURS

The National Budget Speech is one of the most anticipated events on the economic calendar; even more so this year, with the upcoming elections and ongoing economic and systemic challenges which place pressure on balancing the budget. Against this backdrop we await news on whether any significant changes to the tax system will be proposed.

The Annual Budget and Tax Update Seminar will explore the current state of Government finances and inform attendees on recently-promulgated and imminent tax amendments. The seminar will unpack the 2018/2019 tax amendments that have been promulgated recently and the amendments proposed in the Budget Speech. These will be explained in a comprehensible manner so that attendees can understand how to apply the amendments and consider the impact on business and personal finances.

This seminar is a significant, must-attend event on the calendar of tax practitioners, accountants and bookkeepers everywhere.

PRESENTER



Professor Jackie Arendse

Head of Department of Accounting Faculty of Commerce at Rhodes University

REGIONS

- 08 March | Kempton Park
- 11 March | Polokwane
- 12 March | Johannesburg
- 13 March | Pretoria
- 14 March | Webinar
- 18 March | Cape Town
- 19 March | Durban
- 20 March | George
- 25 March | Port Elizabeth

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BINDING

RULINGS

► NATASHA WILKINSON, natasha@taxconsulting.co.za

We present summaries of three rulings dealing with an amalgamation as part of a business rescue plan, the disposal of a business by an asset-for-share transaction and the conversion of a CIS in property to a corporate REIT.

BINDING PRIVATE RULING 316

Amalgamation of companies in terms of business rescue plan

Issue

This ruling focuses on the income tax and value-added tax consequences of an amalgamation transaction which involves consideration solely in the form of an assumption of liabilities.

Facts

The applicant and co-applicant (jointly “the entities”) are both resident companies with the same shareholders and directors. The entities are in the cattle farming and piggery industries and were placed under business rescue in terms of the Companies Act of 2008. In terms of the business rescue plan, the applicant will merge into the co-applicant in order to form a mixed farming entity with a piggery focus. Effect will be given to this proposed merger in the following manner: (a) the applicant will transfer all of its assets to the co-applicant as a going concern; (b) the consideration given by the co-applicant will consist of the co-applicant assuming all of the applicant’s liabilities; and (c) within 36 months of the date of the proposed merger (or such further period as SARS will allow), the applicant will be terminated.

Ruling

The ruling is subject to the following assumptions and conditions:

1. That the debt that the applicant will transfer to the co-applicant as part of the amalgamation transaction (which was incurred within a period

of 18 months before the disposal) does not constitute refinancing of any debt incurred more than 18 months before the disposal and is attributable to and arose in the ordinary course of the applicant’s business undertaking.

2. All of the debt that the applicant will transfer to the co-applicant as part of the amalgamation transaction was not incurred by the applicant for the purpose of procuring, enabling, facilitation or funding the acquisition by the co-applicant of any asset in terms of the amalgamation transaction.
3. The applicant will, within 36 months after the date of the amalgamation transaction, or such further period as SARS may allow, take steps contemplated in section 41(4) of the Income Tax Act to liquidate, wind up or deregister.
4. The applicant will not at any stage withdraw any step taken to liquidate, wind up or deregister or do anything to invalidate any step so taken with the result that the applicant will not be liquidated, wound up or deregistered.

Therefore, on the strength of the above assumptions and conditions:

- The transfer of all of the applicant’s assets to the co-applicant will constitute an “amalgamation transaction”, as defined in paragraph (a) of that definition in section 44(1) of the Income Tax Act.
- The entities will qualify for the relief contemplated in section 44(2) and (3).
- The debt that the applicant will transfer to the co-applicant will comply with the requirements of section 44(4)(b).
- The entities will, in accordance, with section 8(25) of the Value-Added Tax Act, be deemed to be one and the same person.

BINDING PRIVATE RULING 317

Disposal of business by way of asset-for share transaction

Issue

This ruling focuses on the income tax and value-added tax consequences of the disposal of a business by way of an "asset-for-share transaction", as envisaged in paragraph (a) of that definition in section 42(1) of the Income Tax Act.

Facts

The applicant, a resident company and wholly-owned subsidiary of Company A, is in the business of manufacturing, sales and marketing of products. Company A's business can be divided into two entities: Business A and Business B. The co-applicant, a resident company that is a wholly owned subsidiary of the applicant, is a newly-incorporated company. Both the applicant and the co-applicant are VAT vendors.

The applicant proposes to dispose of Business A to the co-applicant. Business B will remain the property of the applicant. This proposed transaction will be given effect to in the following manner:

1. The applicant will dispose of assets and liabilities (including contingent liabilities) associated with Business A at book value to the co-applicant, as a going concern, by way of an asset-for-share transaction, as contemplated in section 42 of the Income Tax Act. The employees of the applicant employed in Business A will be transferred to the co-applicant in accordance with section 197 of the Labour Relations Act and contracts and licences of the applicant will be assigned and ceded to the co-applicant.
2. As consideration, the co-applicant will assume liabilities associated with Business A and issue equity shares to the applicant to the value of the net asset value of the business transferred.
3. On the effective date of the transaction, the applicant and co-applicant will enter into a loan agreement in terms of which the applicant will lend money to the co-applicant which it will use for the commencement of its operations
4. Following the co-applicant issuing new shares to the applicant as part of the asset-for-share transaction, the co-applicant will remain a wholly owned subsidiary of the applicant.


Ruling

The ruling is subject to the following assumptions and conditions:

1. The requirements of the general deduction formula contained in section 11(a) read with section 23(g) as well as 7B of the Income Tax Act must be met at the time when the contingent liabilities arise.
2. For the purposes of section 42(8)(b), the liabilities that the applicant will transfer to the co-applicant are attributable to and arose in the ordinary course of the applicant's business undertaking.

Therefore, on the strength of the above assumptions and conditions:

- The disposal of Business A by the applicant to the co-applicant in exchange for the assumption of liabilities of Business A by the co-applicant and the issuance of equity shares in the co-applicant will constitute an "asset-for-share transaction", as envisaged in paragraph (a) of that definition in section 42(1) of the Income Tax Act.
- The applicant and the co-applicant will qualify for the relief contemplated in section 42(2), (3) and (3A) in respect of the assets of Business A that will be disposed of as follows:
 - » The applicant will, under section 42(2)(a)(i) (aa) of the Act, be deemed to have disposed of the capital assets at their respective base costs determined under paragraph 20 of the Eighth Schedule on the date of disposal and trading stock at the amount taken into account in respect of that trading stock as determined under section 11(a) or section 22(1) or (2).
 - » For purposes of determining any capital gain or capital loss in respect of the disposal of the capital assets by the co-applicant, the applicant and the co-applicant will, under section 42(2)(b)(ii)(aa), be deemed to be one and the same person with respect to the dates of acquisition of the assets and the amounts and dates of incurral by the applicant of any expenditure in respect of the assets allowable under paragraph 20 and to the valuation of the capital assets effected by the applicant within the period contemplated in paragraph 29(4) of the Eighth Schedule.
 - » For purposes of determining any taxable income derived by the co-applicant from a



trade carried on by it, the applicant and the co-applicant will be deemed to be one and the same person, under section 42(2)(b)(i) (bb), with respect to the dates of acquisition of trading stock and the amounts and dates of incurral by the applicant of any cost or expenditure incurred in respect of the trading stock as contemplated in section 11(a) or 22(1) or (2)Act.

- » Under section 42(3)(a)(i), no allowance allowed to the applicant in respect of allowance assets must be recovered or recouped by the applicant or included in the applicant's income for the year of the transfer.
- » Under section 42(3)(a)(ii), the applicant and the co-applicant will be deemed to be one and the same person for purposes of determining the amount of any allowance or deduction to which the co-applicant may be entitled in respect of the allowance assets or that is to be recovered or recouped by or included in the income of the co-applicant.
- » The applicant will, under section 42(2)(a) (ii), be deemed to have acquired the equity shares in the co-applicant on the date that the applicant acquired –
 - the capital assets and for a cost equal to any expenditure incurred by the applicant that is allowable under paragraph 20 and to have incurred such cost at the date of incurral by the applicant of such expenditure; and
 - the trading stock and for a cost equal to the amount taken into account in respect of the trading stock under section 11(a) or 22(1) or (2), which cost will be treated as expenditure actually incurred and paid by the applicant in respect of the equity shares issued by the co-applicant for purposes of paragraph 20.
- » Under section 42(2)(c), any valuation of the capital assets effected by the applicant within the period contemplated in paragraph 29(4) will be deemed to have been effected in respect of the equity shares in the co-applicant acquired by way of the proposed asset-for-share transaction.
- » Under section 42(3A), the contributed tax capital amount received by or accrued to the co-applicant for the issue of shares to

the applicant will be deemed to be equal to the –

- amount taken into account by the applicant in respect of the trading stock under section 11(a) or 22(1) or (2); and
- base costs of the capital assets determined at the time of disposal in relation to the applicant.

No ruling is made on the allocation method to be used in determining the dates of acquisition or dates of incurral of expenditure in respect of the assets that will be transferred by the applicant to the co-applicant and no ruling is made on the allocation method to be used in determining the base costs of capital assets and costs in respect of trading stock in relation to equity shares to be issued by the co-applicant to the applicant as contemplated in section 42(2).

- Expenditure incurred in relation to the contingent liabilities transferred to the co-applicant will be deductible by the co-applicant when those liabilities materialise.
- Subject to compliance with the provisions of section 42, the applicant and co-applicant are, under section 8(25) of the VAT Act, deemed to be one and the same person in respect of the disposal of Business A based on the fact that–
 - » each of the applicant and co-applicant is a “vendor” as defined in section 1(1) of the VAT Act;
 - » Business B is distinct with its own identifiable assets, employees, contracts and licences and is therefore capable of separate operation; and
 - » the applicant and the co-applicant have agreed in writing that Business A is disposed of as a going concern for VAT purposes.
- Notwithstanding that the applicant and the co-applicant may be deemed to be one and the same person under section 8(25) of the VAT Act (refer to previous paragraph), the applicant may, in terms of section 16(3), deduct any VAT incurred on goods or services acquired for purposes of the disposal of Business A which qualify as “input tax” as defined under section 1(1) of the VAT Act. The deduction of “input tax” is subject to sections 16(2), 17(1), 17(2) and 20 of the VAT Act.



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