

BUDGET HIGHLIGHTS 2014/2015

The budget for the 2014/2015 fiscal year was without any surprises. Some of the proposed changes are as follows:

- Income tax brackets have been increased on average by 5%.
- The medical tax credits, which replaced the medical deduction system, increased by 5%.
- Rebates have increased in line with the bracket movements.
- "Sin" taxes, as is the norm, have again been increased – the increases vary but are on average 9.1%.
- The fuel levy and road accident fund levy have been increased by 12c and 8c respectively as of 2 April 2014.
- Medical deductions for individuals over 65 years of age have been converted from a deduction basis to the medical tax credit basis – this is the only significant change to come from this year's budget.



Ronald Smith

- The brackets for pre-retirement lump sum payments and retirement lump sum payments have been increased – the first R25,000 and R500,000 of the respective lump sum payments are free of tax and the maximum rate of 36% is now applied on amounts above R990,000 and R1,050,000 respectively. The rates are as follows:

WITHDRAWAL

2013/2014		2014/2015	
TAXABLE INCOME (R)	RATES OF TAX	TAXABLE INCOME (R)	RATES OF TAX
R0 – R22,500	0%	R0 – R25,000	0%
R22,501 – R600,000	18% of the amount above R22,500	R25,001 – R660,000	18% of the amount above R25,000
R600,001 – R900,000	R103,950 + 27% of the amount above R600,000	R660,001 – R990,000	R114,300 + 27% of the amount above R660,000
R900,001 and above	R184,950 + 36% of the amount above R900,000	R990,001 and above	R203,400 + 36% of the amount above R990,000

RETIREMENT

2013/2014		2014/2015	
TAXABLE INCOME (R)	RATES OF TAX	TAXABLE INCOME (R)	RATES OF TAX
R0 – R315,000	0%	R0 – R500,000	0%
R315,001 – R630,000	18% of the amount above R315,000	R500,001 – R700,000	18% of the amount above R500,000
R630,001 – R945,000	R56,700 + 27% of the amount above R630,000	R700,001 – R1,050,000	R36,000 + 27% of the amount above R700,000
R945,001 and above	R141,750 + 36% of the amount above R945,000	R1,050,001 and above	R130,500 + 36% of the amount above R1,050,000

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2014/2015 BUDGET HIGHLIGHTS FOR INDIVIDUALS

TAX TABLES

2013/2014		2014/2015	
TAXABLE INCOME (R)	RATES OF TAX	TAXABLE INCOME (R)	RATES OF TAX
R0 – R165,600	18% of each R1	R0 – R174,550	18% of each R1
R165,601 – R258,750	R29,808 + 25% of the amount above R165,600	R174,551 – R272,700	R31,419 + 25% of the amount above R174,550
R258,751 – R358,110	R53,096 + 30% of the amount above R258,750	R272,701 – R377,450	R55,957 + 30% of the amount above R272,700
R358,111 – R500,940	R82,904 + 35% of the amount above R358,110	R377,451 – R528,000	R87,382 + 35% of the amount above R377,450
R500,941 – R638,600	R132,894 + 38% of the amount above R500,940	R528,001 – R673,100	R140,074 + 38% of the amount above R528,000
R638,601 and above	R185,205 + 40% of the amount above R638,600	R673,101 and above	R195,212 + 40% of the amount above R673,100

REBATES

Primary rebate	Increased from R12,080 to R12,726
Secondary rebate (individuals over 65)	Increased from R6,750 to R7,110
Tertiary rebate (individuals over 75)	Increased from R2,250 to R2,367

TAX THRESHOLD

Under age of 65	Increased from R67,111 to R70,700
Over age of 65	Increased from R104,611 to R110,200
Over age of 75	Increased from R117,111 to R123,350

INTEREST EXEMPTION

Below age of 65	R23,800 (unchanged)
Age of 65 and over	R34,500 (unchanged)

WITHDRAWAL AND RETIREMENT LUMP SUM PAYMENTS

Tax free portions in respect of withdrawal lump sum payments were increased from R22,500 to R25,000
 Tax free portions in respect of retirement lump sum payments were increased from R315,000 to R500,000

MEDICAL SCHEME CONTRIBUTIONS AND EXPENSES

Monthly monetary tax credit of:

- R257 for the first two members
- R172 for every additional member

OTHER PERTINENT INFORMATION:

Capital Gains Tax

- Inclusion rate for individuals unchanged at 33.3%
- Inclusion rate for companies unchanged at 66.6%
- Primary residence exclusion unchanged at R2,000,000
- Gain/loss annual exclusion unchanged at R30,000
- Exclusion on death is unchanged at R300,000
- **Value Added Tax** – unchanged at 14% – **Companies** – unchanged at 28%

Withholding tax: remains at rate of 15%

Donations Tax and Estate Duty at 20% (rate as well as tax-free portions are unchanged)

Fuel and road accident levy increased by 12c and 8c per litre respectively – effective 2 April 2014