

Module 1.4 FINANCIAL COMPLIANCE		STATEMENT OF INTENT Compliance with relevant financial legislation is achieved and maintained
Measures		Notes
Legal requirement	<ul style="list-style-type: none"> • Register for tax with SARS • Submit income tax returns for the past tax year • Make all necessary payments to SARS • Receive any refunds due 	<p>The South African Revenue Services (SARS) requires that all legal entities, as well as individuals that receive employment income, be registered for income tax. Depending on factors such as turnover and payroll amounts, growers could also be liable to register for other taxes, duties, levies and contributions such as VAT, PAYE and UIF contributions.</p> <p>Growers must be registered with SARS for income tax. To be tax-compliant you should make sure that:</p> <ul style="list-style-type: none"> • You do not have any outstanding tax and other statutory returns • You do not owe any money to SARS, unless a payment arrangement or suspension of debt has been agreed to; • You are registered for all the tax products that you are liable for; and • Your registration is kept up to date. <p>Key tax information to maintain and keep handy:</p> <ul style="list-style-type: none"> • IT12: A copy of your tax return. • IT14: A copy of the tax return of your business. • ITA34: Your personal tax assessment for the latest tax year and/or the assessment for your business for the latest year. • Tax number: Both your personal and business tax registration numbers (and VAT number if registered as a VAT vendor). • Tax compliance certificate/status: If registered for e-filing, this can be obtained or accessed through the SARS website.

Legal requirement	<ul style="list-style-type: none"> • Register business owners and employees for PAYE • Submit PAYE returns and pay PAYE on a monthly basis • Register with either SARS or the UIF for the purposes of contributing to the Fund • Pay UIF contributions to SARS or the UIF in respect of employees on a monthly basis • Pay a Skills Development Levy at a rate of 1% of the total remuneration payable to employees (if applicable) 	<p>Employees tax: SITE and PAYE are the two elements of employee’s tax. Employees tax is the tax that employers must deduct from the employment income of employees such as salaries, wages and bonuses and pay over to SARS monthly. An employer must issue an employee with a receipt known as an employee’s tax certificate (an IRP5/IT3(a)) if SITE or PAYE have been deducted. This discloses the total employment income earned for the year of assessment and the total SITE and/or PAYE deducted and paid to SARS.</p> <p>Standard Income Tax on Employees (SITE) is not a separate tax. It is merely a method that means employees who earn less than a certain amount pay income tax as a full and final liability on the information to the specific employer.</p> <p>Pay-As-You-Earn (PAYE) ensures that an employee’s income tax liability is settled in a continuing fashion, while the income is earned. The advantage of this is that the tax liability for the year is settled over the course of the whole year of assessment.</p> <p>Unemployment Insurance Fund (UIF): Every employer and employee must, on a monthly basis contribute to the UIF. The monthly contributions are shared equally between the employer and employee. The employer contributes 1% of an employee’s salary and the employee contributes 1% of his/her salary.</p> <p>Compliance with the Skills Development Levies Act, 9 of 1999 (SDL Act): The SDL Act establishes a compulsory levy scheme for the purpose of funding education and training. Farmers/employers must pay a skills development levy at a rate of 1% of the leviable amount (section 3(c) (the total amount of remuneration paid by an employer to its employee during any one month). The levy must be paid monthly to SARS.</p>
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Legal requirement	<ul style="list-style-type: none"> • Establish if you qualify to pay Provisional Tax • Keep up-to-date with the Provisional Tax returns and payments (Feb and August) • Register with VAT if annual turnover > R1million • Pay and submit VAT returns as required • Ensure Annual Financial Statements are drawn up, audited and submitted, if required 	<p>Provisional Tax: any person who receives income (or to whom income accrues) other than a salary, is a provisional taxpayer. Provisional tax is not a separate tax from income tax. It allows taxpayers to provide for their final tax liability by paying two amounts during the year of assessment, to ensure that the taxpayer does not have a large tax debt on assessment. It is based on estimated / anticipated taxable income and is paid in advance, through at least two payments during the year of assessment. On assessment, the Provisional Tax payments will be off-set against the liability for normal tax for the applicable year of assessment. Provisional tax estimates and payments are made on IRP6 forms.</p> <p>Compliance with Value Added Tax Act No. 89 of 1991 Farmers may register as a VAT vendor if applicable. This is in terms of Section 23 of the VAT Act. Usually, farmers are registered to pay VAT on a six-monthly cycle, but other VAT return frequencies exist (monthly, two-monthly and annually), based on turnover, activity type and determination by the Commissioner. This means that these farmers must finance the VAT that they incur on their operating and capital costs for long periods before they get a refund from SARS. The VAT Act currently provides that some farmers may acquire certain goods that are used or consumed for agricultural, pastoral or other farming purposes at the zero-rate. This rule was implemented mainly to assist these farmers with their cash flow before they earn income from their produce.</p> <p>Business owners have to perform certain duties if they are registered or liable (taxable supplies in excess of R 1 million) to register for VAT. Growers should understand and be aware of other tax types such as provisional tax, dividends tax and capital gains tax.</p> <p>It is important to get an accountant or bookkeeper to trace all business finances and to facilitate tax compliance. Training and support to growers and/or their bookkeepers in terms of being aware of and understanding compliance aspects and their responsibilities in this regard is available to members of the South African sugar industry through their grower associations.</p>
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