Tax rates for the period from 1 March 2017 to 28 February 2018

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
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<tr>
<td>0 – 500 000</td>
<td>0% of taxable income</td>
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<tr>
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<td>18% of taxable income above 500 000</td>
</tr>
<tr>
<td>700 001 – 1 050 000</td>
<td>36 000 + 27% of taxable income above 700 000</td>
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<tr>
<td>1 050 001 and above</td>
<td>130 500 + 36% of taxable income above 1 050 000</td>
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Retirement fund lump sum benefits consist of lump sums from a pension, pension preservation, provident, preservation or retirement annuity fund on withdrawal (including assignment in terms of a divorce order). Tax on a specific retirement fund lump sum withdrawal benefit (lump sum X) is equal to:

- the tax determined by the application of the tax table to the aggregate of lump sum X plus all other retirement fund lump sum withdrawal benefits accruing from March 2009, all retirement fund lump sum benefits accruing from October 2007 and all severance benefits accruing from March 2011;
- the tax determined by the application of the tax table to the aggregate of all retirement fund lump sum withdrawal benefits accruing before lump sum X from March 2009, all retirement fund lump sum benefits accruing from October 2007 and all severance benefits accruing from March 2011.

Retirement fund lump sum benefits or severance benefits

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Retirement fund lump sum benefits consist of lump sums from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person’s office or employment.

Tax on a specific retirement fund lump sum benefit or a severance benefit (lump sum or severance benefit Y) is equal to:

- the tax determined by the application of the tax table to the aggregate of amount Y plus all other retirement fund lump sum benefits accruing from October 2007 and all other retirement fund lump sum withdrawal benefits accruing from March 2009 and all other severance benefits accruing from March 2011; less
- the tax determined by the application of the tax table to the aggregate of all retirement fund lump sum benefits accruing before lump sum Y from October 2007 and all retirement fund lump sum withdrawal benefits accruing from March 2009 and all severance benefits accruing before severance benefit Y from March 2011.

Dividends

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax at a rate of 20% is withheld by the entities paying the dividends to the individuals. Dividends received by South African resident individuals from REITs (listed and regulated property owning companies) are subject to income tax and non-residents in receipt of those dividends are only subject to dividends tax.

Foreign Dividends

Most foreign dividends received by individuals from foreign companies (shareholding of less than 10% in the foreign company) are taxable at a maximum effective rate of 20%. No deductions are allowed for expenditure to produce foreign dividends.

Interest exemptions

Interest from a South African source earned by any natural person under 65 years of age, up to R23 800 per annum, and persons 65 and older, up to R34 500 per annum, is exempt from taxation.

Interest is exempt where earned by non-residents who are physically absent from South Africa for at least 181 days during the 12 month period before the interest accrues and the debt from which the interest arises is not effectively connected to a fixed place of business in South Africa.

Deductions

Retirement fund contributions

Amounts contributed to pension, provident and retirement annuity funds during a year of assessment are deductible by members of those funds. Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employee. The deduction is limited to 27.5% of the greater of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sums and severance benefits).

Furthermore, the deduction is limited to a maximum of R13 095. Any contributions exceeding the limitations are carried forward to the immediately following year of assessment and are deemed to be contributed in that following year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and against retirement annuities.

Medical and disability expenses

In determining tax payable, individuals are allowed to deduct:
- monthly contributions to medical schemes (a tax rebate referred to as a medical scheme fees tax credit) up to R8 000 per month paid by the individual and an amount by which medical scheme contributions paid by the individual exceed 4.5% of the medical scheme fees tax credits for the tax year;
- any other individual, 25% of an amount equal to the sum of qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 4 times the medical scheme fees tax credits for the tax year, limited to the amount which exceeds 7.5% of the maximum tax that could have been charged on retirement fund lump sums and severance benefits.

Donations

Deductions in respect of donations to certain public benefit organisations are limited to 10% of taxable income (excluding retirement fund lump sums and severance benefits). The amount of donations exceeding 10% of the taxable income is treated as donations to qualifying public benefit organisations in the following tax year.

Allowances

Subsistence allowances and advances

Where the recipient is obliged to spend at least one night away from his or her usual place of residence on business and the accommodation to which that allowance or advance relates is in the Republic of South Africa, the recipient will be entitled to an allowance or advance to cover for—

- meals and incidental costs, an amount of R397 per day is deemed to have been expended;
- incidental costs only, an amount of R122 for each day which falls within the period is deemed to have been expended.

Where the accommodation to which that allowance or advance relates is outside the Republic of South Africa, a reasonable amount deemed to have been expended. Details of these amounts are published on the SARS website under Legal Counsel / Secondary Legislation / Income Tax Notices / 2017.

Travelling allowance

Rates per kilometre, which may be used in determining the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined by using the following table:

<table>
<thead>
<tr>
<th>Value of the vehicle (including VAT) (R)</th>
<th>Fixed cost (R)</th>
<th>Fuel cost (c/km)</th>
<th>Maintenance cost (c/km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 85 000</td>
<td>28 492</td>
<td>91.2</td>
<td>32.9</td>
</tr>
<tr>
<td>85 001 – 170 000</td>
<td>50 924</td>
<td>101.8</td>
<td>41.2</td>
</tr>
<tr>
<td>170 001 – 255 000</td>
<td>134 457</td>
<td>110.6</td>
<td>45.4</td>
</tr>
<tr>
<td>255 001 – 340 000</td>
<td>95 267</td>
<td>116.9</td>
<td>49.6</td>
</tr>
<tr>
<td>340 001 – 425 000</td>
<td>113 179</td>
<td>127.2</td>
<td>58.2</td>
</tr>
<tr>
<td>425 001 – 510 000</td>
<td>134 035</td>
<td>146.0</td>
<td>68.4</td>
</tr>
<tr>
<td>510 001 – 595 000</td>
<td>154 879</td>
<td>159.0</td>
<td>84.9</td>
</tr>
<tr>
<td>exceeding 595 000</td>
<td>154 879</td>
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Note:

80% of the travelling allowance must be included in the employee’s remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.

No fuel cost may be claimed if the employee has not borne the full cost of fuel used in the vehicle and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (e.g. if the vehicle is covered by a maintenance plan).

The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.

The actual distance travelled during a tax year and the distance travelled for business purposes substantiated by a log book are used to determine the costs which may be claimed against a travelling allowance. Continues on next page
The taxable value is 3.5% of the determined value (the 80% of the fringe benefit must be included in the 28% of taxable income).

Rate
10.5% p.a.
R40 500 + 8% of the value above R 1 750 000

Events that trigger a disposal include a sale, donation, exchange, loss, death, and emigration. The following are some of the specific exclusions:

- R2 million gain or loss on the disposal of a primary residence
- Most personal use assets
- Retirement benefits
- Payments in respect of original long-term insurance policies
- Annual exclusion of R40 000 capital gain or capital loss is granted to individuals and special trusts
- Small business exclusion of capital gains for individuals (at least 55 years of age) of R1.8 million when a small business with a market value not exceeding R10 million is disposed of
- Instead of the annual exclusion, the exclusion granted to individuals is R300 000 for the year of death.

DIVIDENDS TAX

Dividends tax is a final tax at a rate of 20% on dividends paid by resident companies and by non-resident companies in respect of shares held on the tax year. Dividends tax is tax exempt if the beneficial owner of the dividend is a South African company, retirement fund or other exempt person. Non-resident beneficial owners of dividends may benefit from reduced tax in limited circumstances. The tax is to be withheld by companies paying the taxable dividends or by regulated intermediaries in the case of dividends on listed shares. The tax on dividends in kind (other than in cash) is payable and is borne by the company that declares and pays the dividend.

OTHER WITHHOLDING TAXES

In limited circumstances the applicable tax rate may be reduced in terms of a tax treaty with the country of residence of a non-resident.

Royalties
A final tax at a rate of 15% is imposed on the gross amount of royalties from a South African source payable to non-residents.

Interest
A final tax at a rate of 15% is imposed on interest from a South African source payable to non-residents. Interest is exempt if payable by any sphere of the South African government, a bank or if the debt is listed on a recognised exchange.

Foreign entertainers and sportspersons
A final tax at the rate of 15% is imposed on gross amounts payable to non-residents for activities exercised by them in South Africa as entertainers or sportspersons.

Disposal of immovable property
A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa to be set off against the normal tax liability of the non-residents. The tax to be withheld from payments to the non-residents is at a rate of 7.5% for a non-resident individual, 10% for a non-resident company and 15% for a non-resident trust that is selling the immovable property.

OTHER TAXES DUTIES AND LEVIES

Value-added Tax (VAT)
VAT is levied at the standard rate of 14% on the supply of goods and services by registered vendors.

A vendor making taxable supplies of more than R1 million per annum must register for VAT. A vendor making taxable supplies of more than R50 000 but not more than R1 million per annum may apply for voluntary registration. Certain supplies are subject to a zero rate or are exempt from VAT.

Transfer Duty
Transfer duty is payable at the following rates on transactions that are not subject to final withholding tax.

Acquisition of property by all persons:

Value of property (R) Rate
0 – 900 000 0%
900 001 – 1 250 000 3% of the value above R900 000
1 250 001 – 1 750 000 5%
1 750 001 – 2 250 000 6%

Estate Duty
Estate duty is levied at a flat rate of 20% on property of residents and South African property of non-residents. A basic deduction of R3.5 million is allowed in the determination of an estate’s liability for estate duty as well as deductions for liabilities, bequests to public benefit organisations and property accruing to surviving spouses.

Donations Tax
- Donations tax is levied at a flat rate of 20% on the value of property donated.
- The first R100 000 of property donated in each year by a natural person is exempt from donations tax.
- In the case of a taxpayer that is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 per annum in total.
- Dispositions between spouses and South African group companies and donations to certain public benefit organisations are exempt from donations tax.

Securities Transfer Tax
The tax is imposed at a rate of 0.25 of a per cent on the transfer of listed or unlisted securities. Securities consist of shares in companies or member’s interests in close corporations.

Tax on International Air Travel
R190 per passenger departing on international flights excluding flights to Botswana, Lesotho, Namibia and Swaziland, in which case the tax is R100.

Skills Development Levy
A skills development levy is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers paying annual remuneration of less than R500 000 are exempt from the payment of the skills development levy.

Unemployment Insurance Contributions
Unemployment insurance contributions are payable monthly by employers on the basis of a contribution of 1% by employers and 1% by employees, based on employers’ remuneration below a certain amount. Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

SARS INTEREST RATES

Rate of interest (from 1 April 2016)
Rate
Fringe benefits - interest-free or low-interest loan (official rate) 8% p.a.

Rates of interest (from 1 July 2016)
Rate
Late or underpayment of tax 10.5% p.a.
Refund of overpayment of personal and employers’ tax 6.5% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS 10.5% p.a.
Refund of VAT after prescribed period 10.5% p.a.
Late payment of VAT 10.5% p.a.
Customs and Excise 10.5% p.a.