

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 89 [NW98E]
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89. Mr M J Cuthbert (DA) to ask the Minister of Finance:

- (1) What number of companies had a revenue below R10 million in each year in the period 1 April 2008 and 31 March 2018, according to SA Revenue Service (SARS) Company Income Tax (CIT) returns;
- (2) What number of companies had a revenue greater than R10 million and less than R50 million in each year in the specified period, according to SARS CIT returns;
- (3) What number of companies had a revenue above R50 million in each year in the specified period, according to SARS CIT returns;
- (4) By what date will the 2019 data be available, given that the 2019-20 financial year for Qualifying Small Enterprises verification ended in March 2019?

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REPLY:

Companies are allowed to select their own financial year-ends and these need not coincide with the fiscal year (i.e. from 1 April to 31 March) or the period 1 March to end of February which is traditionally the tax year for individuals. The year of assessment, or tax year, of a company corresponds with its financial year. Companies may choose financial years ending in any month of the year.

The data and responses in Annexure 1 below that have been provided in addressing the questions above will thus be from 2008 to 2018 tax years.

The terms "Revenue" is an accounting term that is not defined in the Income Tax Act 58 of 1962 which defines Gross income. The Gross income definition is quite broad.

The term "gross income" is broadly defined in section 1(1) of the Income Tax Act 58 of 1962 as the total amount, in cash or otherwise, received by or accrued to a resident during a year of assessment which is not of a capital nature. In addition, paragraph (c) of the definition of the

term “gross income” specifically includes “any amount, including any voluntary award, received or accrued in respect of services rendered or to be rendered.”

Gross income is a critical element of a taxpayer’s taxable income calculation and has a direct impact on the amount of income tax payable. Company Income Tax (CIT) is a tax levied on the taxable income (gross income less exemptions and allowable deductions) of companies and close corporations. Taxable income refers to the base upon which an income tax system imposes tax.

For this exercise the methodology applied was to utilize taxable income to stratify the broad categories in question.

Note: *Companies in an assessed loss or zero taxable income have been excluded for this exercise.*

- (1) The number of taxpayers in the R1 to R10 million grouping ranges between 152 487 (2018) to 195 143 companies (2016) during 2008 till 2018 tax year. Reference can also be made to Annexure 1 below to obtain a detailed number of taxpayers for the 11 tax years. It must also be noted that due to the date of the extraction of the data, the last tax years (2018) data will always be incomplete as companies are still in the process of submitting their tax returns which are also being assessed.
- (2) The number of taxpayers in the R10 million to R50 million grouping ranges between 3 063 (2010) to 4 834 companies (2017) during 2008 till 2018. Refer to Annexure 1 below to obtain a detailed number of taxpayers.
- (3) The number of taxpayers in the R50 million grouping and above ranges between 789 (2018) to 1 407 companies (2016) during 2008 till 2018. Refer to Annexure 1 below to obtain a detailed number of taxpayers.
- (4) In any calendar year company’s tax returns must be filed not later than a year after the respective company’s financial year-end, thus companies will start filing their 2019 tax year returns once their financial year-end ends.

The Qualifying Small Enterprises (QSE) verification relates to companies that are verified to obtain a BBBEE or BEE status. Annually companies have to renew their

BBBEE certificate and thus need to be verified. This is a process which is done outside of SARS.

Annexure 1:

Number of taxpayers by taxable income group, 2008 – 2018

Tax year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxable income group - R'mill	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers	Number of taxpayers
,1 to 10 000 000	185 272	181 197	175 023	175 604	175 495	176 041	181 876	189 618	195 143	191 472	152 487
10 000 001 to 50 000 000	3 309	3 289	3 063	3 241	3 508	3 795	4 053	4 464	4 757	4 834	3 472
50 000 001 +	988	967	926	989	1 085	1 165	1 237	1 318	1 407	1 401	789
Total	189 569	185 453	179 012	179 834	180 088	181 001	187 166	195 400	201 307	197 707	156 748