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Tax blow for farmers

Expenditure in respect to the construction of employee housing is no longer tax-deductible.

Of the many tax benefits available only to farmers, and not to other taxpayers, in terms of the Income Tax Act 58 of 1962, one of most valuable is the right to claim an outright tax deduction in terms of paragraph 12 of the First Schedule to the Act for various kinds of capital expenditure, such as expenditure incurred in building dams, installing irrigation systems and constructing roads and bridges.

A farmer has hitherto also been entitled to deduct expenditure incurred in constructing housing for his employees. This, of course, was a considerable incentive for farmers to provide good quality housing for employees, and farm workers benefited accordingly.

Abruptly, without fanfare and without explanation, the Revenue Laws Amendment Act 60 of 2008 amended the Income Tax Act to provide that, as from October 21 2008, such expenditure in

respect of the construction of employee housing ceased to be tax-deductible as farming capital expenditure.

The deduction of farming capital expenditure is contingent on there being taxable income from farming in the year of assessment in which the expenditure is incurred. To the extent that the capital expenditure exceeds current income, the excess is carried forward for deduction as farming capital expenditure in future years.

The effect of the amendment is that farmers are now required to claim deduction in respect of employee housing on the same basis as other taxpayers. In essence the farmer must own at least five units that are used for the purposes of a trade carried on in the Republic. He may claim a deduction equal to 5% of the cost of erection or improvement of any such unit incurred on or after 1 October 2008. An additional annual deduction equal to a further 5% of the cost may be claimed if the unit qualifies as "low cost residential housing".

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"Low cost residential housing" means a housing unit costing not more than R200 000 and in respect of which a rental (if charged) of not more than 1% of such cost per month is levied.

Expenditure on repairs to the housing of a farmer's employees remains

deductible in the year in which incurred; it is only expenditure on construction, additions or improvements to such housing that has been affected by the amendment.

There has been no comment from organised agriculture in regard to this amendment, and it is difficult to assess its impact

on farmers in general in these circumstances.

Source:
www.moneyweb.co.za

BTW - 6 maandeliks

Dit is weer BTW tyd vir die boere. Die BTW-opgawes moet voor die 23ste September 2009 ingedien wees en strek vir die periode vanaf 1 Maart 2009 tot 31 Augustus 2009. Die 24ste September is Erfenisdag.

Ons versoek die kliënte om asseblief so gou as moontlik na 31 Augustus 2009 die

inligting in te bring om ons in staat te stel om die opgawes betyds te kan voltooi.

Diesel rabat

Vanaf 1 April 2009 is die dieselrabat verhoog van 90,9c/l na 118,0c/l.

BTW oudit

SARS probeer die groot korrupsie met BTW krediete te voorkom en sal in die toekoms meer oudits uitvoer daarop. SARS skroom nie meer om 'n afspraak met die kliënt te maak en die kliënt te gaan besoek nie.

Sodra ons in kennis gestel word van so 'n oudit, sal ons u in kennis stel. Ongelukkig beteken dit dat ons 'n addisionele en apparte fooi daarvoor sal moet vra.

Important dates

31 August
First Provisional Tax payment 2010/01.

30 September
Third Provisional Tax payment 2009/03.

30 Oktober
Income tax return submission per hand.

20 November
Income tax return submission through e-filing.

Our details:

33 Church Street
Colesberg
9795

Tel: 051 753 0754
Fax: 051 753 0651
Web: www.rinsar.co.za

Karin Wessels
kwessels@rinsar.co.za

Sarel Wessels
swessel@rinsar.co.za

Jaun Marais
jpmarais@rinsar.co.za