



# JFC

JOY FINANCE CONSULTANTS (PTY) LTD

14 January 2019

## NEWSLETTER

*"A Tax is a fine for doing well, a Fine is a tax for doing wrong" ~ Mark Twain*

### Provisional Tax 2<sup>nd</sup> Period 2019

A Warm Welcome Back to all our clients. We wish each one a very Prosperous 2019 and trust that you had a wonderful Festive Season and a well-deserved rest.

With only two months remaining for the 2019 Financial Year the following two important deadlines are nearing:

1. 31 January 2019 – *ITR12 Income Tax Returns for Provisional Taxpayers i.r.o 2018 tax year;*
2. 28 February 2019 – *Second Provisional Tax IRP6 Returns i.r.o 2019 tax year.*

If you have not sent your Tax Documents for the 2018 tax year, we kindly urge you to do so urgently.

#### **Why Provisional Tax?**

The purpose of submitting IRP6 returns is to make Provision for any possible Tax Liabilities on any Income Earned upon which no PAYE has been deducted thereon. This will avoid having a Tax Liability when submitting one's Annual Tax Return:

<sup>1</sup>*"Provisional tax is not a separate tax, but merely a mechanism to pay the normal income tax liability during the tax year. Therefore, provisional tax is an advance payment of a taxpayer's normal tax liability."*

In other words, it is a method to create enough tax credits for the

tax payable on your taxable income.

Provisional Tax is a requirement for both Individuals and Companies.

#### **What Income must be Included on your Provisional IRP6 Return?**

##### **Individuals:**

When Calculating a Taxpayer's Estimate Taxable Income for both 1<sup>st</sup> and 2<sup>nd</sup> Periods we include:

- ❖ Taxable Portion of Aggregate Capital Gain
- ❖ Interest earned from Any Investment
- ❖ Dividend Income
- ❖ Rental Income received from Renting a Property
- ❖ Salary Income – Latest Payslip would be preferential
- ❖ Business Income
- ❖ Any Income received not listed above

##### **Companies:**

Please ensure that our Bookkeeping department has all your records required for Bookkeeping purposes.

We will draft the Companies estimated income on the latest Trial Balances available to us.

**We urge our Clients to liaise with us should your income situation have changed.**

#### **What do we exclude?**

<sup>2</sup>We exclude the following transactions from your calculation:

1. Any Retirement Fund Lump Sum Benefits;
2. Retirement Lump sum Withdrawals;
3. Severance Benefits;

*Received by or accrued to you during the Year of Assessment.*

#### **JFC Deadline:**

Kindly provide all relevant income information to be sent to no later than: **31 January 2019.**

#### **What if I do not have all information?**

Should you not have relevant information, you may decide to declare your expected taxable income for the 2019 tax year based on your Taxable Income determined by your 2017 or 2018 ITA34 Notice of Assessment.

*One must always keep in mind that should your income increase significantly in the remaining months of the Financial Year, your IRP6 due in February will be influenced.*

It is of upmost importance that we declare your Provisional tax at least within 80% of your actual income for the full 12 months.

It is always recommended to make provision for your Provisional Tax Payments.

Kindly forward all your Provisional Tax Information to our Teams:

Individuals: [tax@joyfin.co.za](mailto:tax@joyfin.co.za)

Companies: [bookkeeping@joyfin.co.za](mailto:bookkeeping@joyfin.co.za)

#### **Tax Saving TIPS:**

- ❖ Contribute towards RA
- ❖ Invest in Tax Free Savings Acc.
- ❖ Donate towards approved NPO's
- ❖ Keep a Logbook

<sup>1</sup> Guide for Provisional Tax 2019 – par.3, page 3

<sup>2</sup> Guide for Provisional Tax 2019 – par.7(a)-(v), page 5