



10 KEY QUESTIONS TO ASK YOUR TAX PRACTITIONER

Many people are baffled by tax and often terrified by any mention of SARS and tax returns.

According to Jeremy Burman of Private Client Financial Services, a division of Private Client Holdings, it is worthwhile engaging a tax practitioner who will not only ensure all your tax obligations are met timeously and efficiently but will also be able to provide you with a clear understanding of how the tax system works for your own peace of mind.

Burman provides the following list of 10 recommended questions to ask your tax practitioner:

1) Are you a registered tax practitioner?

Firstly, and most importantly, you will need to ensure that you are dealing with someone with the requisite qualifications to assist you. In terms of the Tax Administration Act it is a criminal offence for a person to provide tax advice or complete returns on behalf of a 3rd party for fees if they are not registered as a tax practitioner with SARS and a Recognised Controlling Body.

2) How are your fees calculated?

Fees charged by a tax practitioner should be commensurate with the skill level of the practitioner given the nature and complexity of the work involved. Most practitioners will charge fees based on their time spent. The more complex the return, the greater the time and level of expertise involved resulting in a higher fee.

3) What tax returns will I be required to submit on an annual basis and when?

If you are a non-provisional taxpayer i.e. you are an employee who earns mainly salary income on which PAYE is withheld and have limited investment income, you will be required to submit only an annual income tax return. Returns for the year ended 28 February of each tax year will be available on SARS e-filing 4 months after the tax year end i.e. on 1 July. The deadline for submission of these returns is generally the end of November of that year.

If you are a provisional taxpayer i.e. an independent contractor, sole proprietor or individual who has significant investment/rental or other income, along with your annual income tax return you will also be required to submit provisional tax returns for the preceding 6 months by 31 August and 28/29

February of each tax year. SARS allows a later deadline of 31 January of the following year for the submission of annual income tax returns by provisional taxpayers.

4) What documentation must I provide to you for my annual income tax returns?

All tax certificates received by you for the relevant tax year should be provided. Examples of these include:

- IRP5 Certificates – For salary/commission/contracting income received
- IT3(a) certificates – For investment income received e.g. dividends, interest etc.
- IT3(b) certificates – For capital gains on investments
- IT3(s) certificates – For tax-free investments
- Retirement Annuity contribution certificates
- S18A donations certificates
- Medical aid contribution certificates

Additional documentation that may be required includes:

- Details of income and expenses incurred for the tax year where the taxpayer is a sole proprietor, independent contractor or earns rental income
- A logbook recording business and private travel if a motor vehicle allowance is received by the taxpayer or he has use of a company vehicle
- A schedule of medical expenses incurred as well as copies of all medical invoices and proof of payment of these expenses where a taxpayer qualifies for a medical expense tax credit.

5) What format should my documentation be in?

Although most practitioners will accept hard copy certificates, the preference would generally be for electronic documents since where requested by SARS, supporting documentation should be submitted in an electronic format via e-filing.

6) When can I expect to pay tax or receive my refund?

For individual taxpayers, final tax if any due, is payable 7 months after the end of the tax year i.e. by 30th September. In addition provisional taxpayers will be required to pay tax by 31 August and 28 February of each tax year. Provisional tax payments work as a prepayment of final income tax thereby reducing the final tax payable by 30th September.

Where SARS has issued a final assessment on an annual tax return with a tax refund due to the taxpayer this refund should be received by the taxpayer within a few business days unless the return was selected by SARS for review or audit. In the case of a review or audit the refund will only be paid out once the process has been completed by SARS. This can take anything from 30 to 90 days.

7) How do I make tax payments and can I check that these have been received by SARS?

Where a provisional or final income tax payment is due, your practitioner can either set this up on e-filing or provide you with the relevant payment details so that you can pay the tax directly to the relevant SARS bank account via EFT. Where the payment is set up on e-filing, you will still need to log on to your on-line banking profile and authorise this payment before it will come off your bank account. Note, all payment should go directly to an approved SARS account and one should be wary of any practitioner who requests payment to an account other than SARS.

To check that the payment has been received by SARS, your practitioner can request a statement of account on e-filing – this will reflect all outstanding amounts as well as payments received to date by SARS. Payments will normally take one business day to reflect on the SARS system.

8) When can I throw out the supporting certificates and documentation for my tax return?

Generally documents should be kept for a period of 5 years before being destroyed. E-filing will keep a history of all returns submitted and assessments received on this platform so it is not necessary to keep hard copies of this documentation.

9) Is there anything I can do to be more tax efficient?

A key duty of your practitioner is to ensure that you are tax efficient at all times. This may involve providing advice on the best vehicle through which you should run your business, the structuring of your salary as well as ensuring that you are taking advantage of all allowances and deductions provided in terms of the Act.

10) How will a change in my circumstances affect my tax situation?

Any change in your financial circumstance from the sale of your house to the purchase of a second property or from resigning your job to starting a business on your own could potentially have tax implications. To ensure that you are adequately prepared for these it is worthwhile discussing any upcoming changes with your practitioner to establish the effect that this will have on your taxpaying position. Your practitioner can then ensure that all resulting tax payment or filing obligations are met and help you avoid any potential penalties that may arise from non-compliance.

“Clear communication between yourself and your tax practitioner will assist not only in ensuring that you stay on the right side of SARS but that you do so in the most tax efficient and cost-effective manner possible,” concludes Burman.

For more information contact Jeremy Burman a director of Private Client Financial the specialist tax and financial services division of Private Client Holdings on (021) 671 1220.

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