

Our multitude range of services includes:

- ✓ Audit, Independent Reviews & Compilations
- ✓ Preparation of Annual Financial Statements
- ✓ Accounting & Payroll
- ✓ Taxation
- ✓ Trusts
- ✓ Estates
- ✓ Secretarial
- ✓ Business Consulting

beyond numbers + figures

BOAKE⁺
INCORPORATED

CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

Boake Incorporated is an independent member of BKR International

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October 2016 Newsletter

TAX FILING TIPS FOR 2016

The important dates to remember are:

- 25 November 2016 - At a SARS branch (provisional and non-provisional)
- 25 November 2016 - eFiling (non-provisional)
- 31 January 2017 - Provisional taxpayers via eFiling

You do not need to file an income tax return if:

- Your total salary earned during 1 March 2015 - 29 February 2016 for the 2015/2016 year of assessment is not more than R350 000 (before tax), provided:
 - You only have one employer (note that if you have two employers or income from other insources such as late spouse / partner pension income, rental income, moonlighting income etc. you do need to file even if the total is still under R350 000)
 - You have no car allowance or other income (e.g. interest or rent)
 - You are not claiming tax related deductions (e.g. medical expenses, retirement annuity contributions, travel expenses etc)
- You received interest from a source in South Africa not exceeding –
 - R23 800 if you are below the age of 65 years;
 - R34 500 if you aged 65 years or older
- Dividends were paid to you and you were a non-resident during the 2016 year of assessment.



Make sure your claims are accurate and that you have the correct documentation and proof for every claim you make:

- Only use information and figures that are shown on your supporting documents
- Only use the amounts reflected on your contribution certificates from your retirement annuity fund, income protection scheme, medical aid etc.
- Make sure you keep an accurate logbook.
- Do not inflate the value of your vehicle.
- Declare all income you received during the year of assessment

Be prepared and make sure you have the following supporting documents:

- IRP5/IT3(a) certificate(s) from your employer or pension fund
- IT3(b) certificates for investment returns
- Financial statements, if applicable (e.g. business income)
- Medical aid contribution certificates and receipts
- Retirement annuity fund certificates
- Certificates you received for local interest income earned
- Logbook and other documents in support of business travel expenses
- Completed confirmation of diagnosis of disability form (ITR-DD)
- Any other relevant income and deduction information.
- Bank account details

Should you wish to have professional assistance in completion of your tax returns, do not hesitate to contact us.

BIG BROTHER IS WATCHING...

By now, you have probably already heard of the routine exchange of information that occurs between global tax authorities, but it is important to know a little bit more about this and how it could affect you.

With increased globalisation, it is becoming much easier for taxpayers to create, hold and manage investments through financial institutions outside of their country of residence. As a result, offshore tax evasion is a major headache for authorities all over the world.

The Global Standard for Automatic Exchange of Financial Account Information has been developed by the Organisation for Economic Co-operation and Development (OECD), in conjunction with G20 countries and the EU. Under this global standard, information from financial institutions is reported to local tax authorities and is then automatically exchanged with global tax authorities on an annual basis.

The Common Reporting Standard (CRS), creates a globally co-ordinated and standardised approach to the disclosure of account holders' financial information. The implementation of CRS has been successful because of the establishment of an international framework which is currently made up of more than one hundred tax jurisdictions.

CRS builds upon other information sharing legislation, such as FATCA (the US Foreign Account Tax Compliance Act) and the European Union (EU) Savings Directive. CRS requires that tax authorities share information relating to accounts and investments.

Since July 2014, South Africa's Financial Institutions have been required to collect and report on certain information which is exchanged with other countries under the agreement. This information includes:

- the name, address, tax identification number and date and place of birth
- the account number
- the name and identifying number of the reporting financial institution
- the account balance or value at the end of the relevant reporting period
- the total amount paid or credited to the account holder during the relevant reporting period (e.g. gross interest, gross dividends, gross other income)
- in relation to closed account, the balance as at one day before the closure of the account

As one of the early adopters of the CRS, South Africa is committed to commence the automatic exchange of information on a wider front from 2017.

RISKS AND BENEFITS OF APPS

With the increase in use of mobile devices, there has been an 'explosion' of mobile apps which are readily available on many software distribution platforms.

An app is a term used to describe an application programme that can be downloaded to a smartphone, iPad, tablet or similar wireless mobile device.

Mobile apps are becoming an essential business tool, used for scheduling meetings, sending e-mails, maintaining a contact list or performing various accounting processes. These days, a responsive, mobile-friendly website on its own may not be enough to keep up with the competition and many business owners are looking into the use of apps.

Some advantages of mobile apps:

- They provide customers with 'on-the-go' information about the business, its location and directions on how to find it.
- They are an excellent marketing tool, stimulating interest in the business and encouraging repeat visits by customers.
- They facilitate e-commerce transactions such as online payments.
- They speed up contact with businesses, thereby enhancing customer services, and helping to build good customer relationships.
- They enable staff to work together from anywhere and at any time, thus promoting interaction and sharing of documents and information.

The downside of apps is that they may introduce security risks which could potentially lead to theft or leakage of private and sensitive business information. Therefore, strict security policies and procedures regarding the use of apps for business purposes are essential.

The risks associated with apps are increased when employees use their own devices for business purposes and it is very important that employees are aware of the risks associated with downloading apps.

Apps should only be downloaded from reputable app stores, and it is important to avoid, or to be extremely careful with, free apps. The old saying 'there is no such thing as a free lunch' applies here - free apps are usually paid for through advertising or information gathering which can introduce malicious malware and lead to the theft of sensitive data and monitoring of traffic.



WHAT IS THE BUSINESS JUDGEMENT RULE?

If you are a company director, you will be aware of how important it is to know your duties and responsibilities. Are you aware of the 'business judgement rule' and its implications?

In the daily management of business, exposure to risks and taking calculated risks is inevitable, and good judgement is needed when making decisions for the company. The business judgment rule is important because it offers directors some protection from personal liability.



This legal principle is found in section 76(4) of the South African Companies Act 71 of 2008. The business judgement rule provides for the indemnification of directors under certain circumstances, as well as the possibility of insuring the company and its directors against liability claims.

Simply put, the business judgement rule states that if directors, in managing a company, make a decision that is adequately informed and sensible, they should not incur any legal liability if that decision turns out badly and the company suffers financial loss as a result.

In terms of Section 76(4), a director will have fulfilled his legal duty to act in the best interests of the company with the necessary care, skill and diligence if the director:

- had taken reasonably diligent steps to become informed in a particular matter
- either had no conflict of interest in relation to the matter or complied with the rules on conflict of interests
- had a rational basis for believing, and did believe, that his decision was in the best interests of the company.

Directors who lack the ability or the knowledge to perform their duties properly are required to seek proper advice. If a director makes a decision without bothering to become adequately informed; or if he had a personal financial interest in the matter which he did not disclose properly; or if his decision is considered to be irrational, then the director will have failed in his duties.

The business judgement rule will only apply if all of the requirements the Act have been complied with, and the director was acting lawfully during the conduct of legitimate business.