



ABC
Alice Business Consulting

**Financial Services • Auditing • Taxation
Bookkeeping • Secretarial**

Pr No. 951714

Tax Practitioner: PR-07F5163

<https://alicebc.co.za>

Tel: 011 435 1979 or 011 435 7268

Cell: 072 379 8268

alice@alicebc.co.za

TAX YEAR: 2023 (PERIOD: 01.03.2022 TO 28.02.2023)

When does SARS Tax season 2023 Start in South Africa?

The tax season 2023 for individuals is upon us. **SARS tax year 2023** starts 1 July 2023, are you ready?

We realised there is a mad rush once the tax season starts. Now is a good time to get your tax matters ready to ensure a smooth filing experience! Penalties for late tax return submissions are REAL and can accumulate quickly!

To avoid the rush, you want to start early to ensure your SARS tax return for 2023 will be submitted timeously.

The following standard documents are required:

- **IRP5's** – If you have more than one IRP5 for the relevant tax year, please make sure that all IRP5's is sent to us.
- **IT3(b) and (c) certificates from Banks and Investment Managers for interest and capital gains**
- **IT3(f) - Retirement Annuity Fund Contribution Certificates** – issued by the financial institution you are saving with.

Medical Aid Tax Certificate

- **Additional Medical Expenses – Schedule**
 - Compile a **totalled** schedule for extra medical expenses.
 - The actual Invoices and Receipts, corresponding with the schedule, must be sent as proof with the **summary schedule**.
- **REMEMBER –**
 - Levies and/or excess on medical accounts ARE NOT CLAIMABLE
 - Bills that have been submitted to the medical aid that were rejected by the medical aid are NOT CLAIMABLE – these bills are included on the Medical Aid Certificate.



ABC
Alice Business Consulting

Financial Services • Auditing • Taxation
Bookkeeping • Secretarial

Pr No. 951714
Tax Practitioner: PR-07F5163
<https://alicebc.co.za>

Tel: 011 435 1979 or 011 435 7268
Cell: 072 379 8268
alice@alicebc.co.za

Travel Expenditure

Salaried employees can only claim travelling **WHEN** the fringe benefit source code under travel allowance, code 3701 or 3702, **OR** use of company car fringe benefit, source code 3802 or 3816 is reflected on the IRP5.

- The logbook **MUST** contain the following minimum information: -
 - Opening & Closing Kilometres
 - Details for business mileage
 - Date of Travel
 - Kilometres Travelled
 - Where you travelled to
 - Reason for the trip
- Vehicle Purchase Invoice

Home Office Expenses

- **What are the requirements for claiming home office expenses?**

Section 23(b) of the Income Tax Act states that a tax deduction for home office expenses will only be considered:

1. If the room is **regularly and exclusively** used for the purposes of your trade, e.g. employment; and is **specifically equipped** for that purpose. The home office must therefore be set up solely for the purposes of your trade; **and**
2. If your remuneration consists only of a salary and similar remuneration, your duties must be **mainly** performed in this part of the home. It therefore means you must perform more than 50% of your duties in your home office; or
3. If **more than 50% of your remuneration consists of commission** or variable payments based on your work performance, more than 50% of those duties must be performed otherwise than in an office provided by your employer.

- **What constitutes home office expenditure?**

Typically, the types of home office expenditure referred to in section 23(b), are those that are closely linked to the premises, namely:

- rent of the premises.
- cost of repairs to the premises; and
- expenses in connection with the premises, which could include:
 - rates and taxes.
 - cleaning costs; and
 - electricity.



ABC
Alice Business Consulting

**Financial Services • Auditing • Taxation
Bookkeeping • Secretarial**

Pr No. 951714

Tax Practitioner: PR-07F5163

<https://alicebc.co.za>

Tel: 011 435 1979 or 011 435 7268

Cell: 072 379 8268

alice@alicebc.co.za

Other typical expenditure that **may qualify** for a separate deduction in respect of maintaining a home office, include:

- general wear and tear on items used for trade purposes in the office.
- office equipment, furniture and fittings, and repairs thereto.
- phones.
- internet.
- stationery.

Note that the two lists above do **not** reflect expenditure that is necessarily deductible. The lists reflect only the types of expenditure that **may typically** be incurred in relation to maintaining a home office.

PLEASE NOTE: - Home Office Expenditure - Changes as from TY. 2023

It has been Revenue practice to allow mortgage interest in the calculation of a claim for home office expenditure. Therefore, for the period ending on 28 February 2022, that is, up to the end of the 2022 year of assessment, you may claim the interest on your mortgage bond. The interest incurred must be apportioned under the normal apportionment rules. However, section 23(m) only permits employees to claim home office deductions that are permitted under sections 11(a) and (d). Interest on a mortgage bond is an expense that is claimed under section 24J and is accordingly prohibited from being claimed in terms of section 23(m). **Consequently, for the period commencing on 1 March 2022, that is, from the 2023 year of assessment onwards, mortgage interest will not be permissible in the calculation of a claim for home office expenditure.**

Other expenses not claimable; Water, Sewerage, Refuse, Other beverages e.g., Snacks, Coffee, Tea, Milk, etc.

Documents to support your claim for home office expenses, the below documents should be included: -

- Letter from employer permitting remote work – including the period that remote work was allowed and where available dates that the employee did not report to the office.
- Floor plan showing dedicated space and calculation of proportion in relation to total buildings on the property (this does not need to be a municipal or council plan of the home but can be an informal but accurate drawing of the floor plan).
- Photographs showing dedicated space, specifically equipped.
- Schedule showing calculation that work was mainly from home – in other words, showing that more than 50% of all work for the year was from the home office, including any supporting evidence.
- Actual invoices of claimed expenses with proof of payment.
- Schedule of amounts claimed and apportionment calculations.



ABC
Alice Business Consulting

**Financial Services • Auditing • Taxation
Bookkeeping • Secretarial**

Pr No. 951714
Tax Practitioner: PR-07F5163
<https://alicebc.co.za>

Tel: 011 435 1979 or 011 435 7268
Cell: 072 379 8268
alice@alicebc.co.za

Rental Income: -

Please supply us with a rental received & expense schedule.

- **all supporting documents corresponding with the rental & expenses schedule, must be forwarded to our office, e.g.**
 - **Which Expenses are permissible: -**
 - Rates & Taxes
 - Bond Interest – Bond statement must be included.
 - Advertisements
 - Agency fees of Estate Agents
 - Insurance (ONLY homeowner's insurance NOT household contents or bond Insurance)
 - Garden Services
 - Repairs and Maintenance in respect of the area let.
 - Security and property levies.

Repairs and maintenance would usually take place when a person attempts to restore an asset to its original condition because of damage or deterioration. Improvements and/or renovations would usually result in the creation of a better asset.

Any other documents to support a deduction or additional income e.g.

- **S18A donations to PBO's (certificate indicating PBO number required)**
- **Foreign Pensions**
- **Inheritances**
- **Cryptocurrencies**

Please include documentation for all the above items.

Solar Tax Incentive for individuals:

Wait – not yet – next tax year!

For private households, individuals who install rooftop solar panels from 1 March 2023 will be able to claim a rebate of 25% of the cost of the panels, up to a maximum of R15,000. This can be used to reduce their tax liability in the **2023/24 tax year**. This incentive will be available for one year.



ABC
Alice Business Consulting

**Financial Services • Auditing • Taxation
Bookkeeping • Secretarial**

Pr No. 951714

Tax Practitioner: PR-07F5163

<https://alicebc.co.za>

Tel: 011 435 1979 or 011 435 7268

Cell: 072 379 8268

alice@alicebc.co.za

To receive the rebate: -

- If you are employed, you must include this in your income tax return for the year ending 28.02.2024 (IT return will be submitted from 01.07.2024)
- If you are a provisional taxpayer (i.e., self-employed), you will need to deduct this in your provisional tax returns (February and August 2023) and in the final income tax return for the year ending 28.02.2024.

Points to Remember:

- Only new and unused solar panels will qualify, and they can be installed as part of a new installation or as an addition to your existing solar system.
- Solar panels must have a minimum capacity of 275W per panel.
- The solar panels must be installed at a primary residence that is mainly used for domestic purposes.
- Solar panels must be part of a system connected to the residence.
- The rebate is on solar panels and **excludes** inverter and batteries to complete the solar system.
- Panel costs will be eligible for rebates from 01 March 2023.

What format to use when you forward your documents/information to us:-

Please send through all your documents in **scanned form (PDF)** noting the following:

- Documents must be labelled with your **name** and their **description and tax year (2022)**
- Documents must not exceed **2mb** in size.
- Please scan all documents individually.
- Documents with multiple pages, must be scanned and emailed together...
- Please do not forward **password protected** documents from originators. SARS will not accept these. **These documents must be printed, scanned in as a PDF document, and then forwarded to us.**
- **Hand delivered documents will take longer for us to process as we will need to scan them all first.**

Documents may be emailed to: ria@alicebc.co.za

