

Do I need to file an income tax return for the 2021 tax year?

The South African Revenue Service (SARS) continues to focus on introducing online and digital services, simplifying the tax-filing process, and making it easier for taxpayers to comply. As tax season opens, Liezl Alberts, tax specialist at Allan Gray, helps investors figure out if they need to file a tax return and how to go about it.

Filing season opened on 1 July 2021, with a significant number of taxpayers being assessed automatically. Below we provide key dates to diarise and provide answers to some frequently asked questions.

Key dates to diarise:

- **1 July to 23 November 2021** – for non-provisional taxpayers filing online.
- **16 August to 23 November 2021** – for non-provisional taxpayers who require assistance filing at a SARS branch (by appointment only).
- **1 July to 31 January 2022** – for provisional taxpayers and trusts filing online via eFiling or the SARS MobiApp.

Will SARS auto-assess taxpayers this year?

SARS introduced the auto-assessment process in 2020 in response to COVID-19, to simplify the tax-filing process and to remove the need to visit branches. This year, SARS will again use certain information from third-party data providers, such as Allan Gray, to prepopulate tax returns, both for individuals selected to be auto-assessed and those who are not. In the last tax year, prepopulated data included IRP5/IT3(a) employer information, income earned from investments, tax-free savings information, retirement annuity fund contributions and medical aid contributions.

What do you need to do if you are auto-assessed?

If you are selected to be auto-assessed, you will be directed via SMS to eFiling or the SARS MobiApp to view your return. If you accept the auto-assessment results, you do not have to complete a tax return because SARS would have done that for you. If you are due a refund, SARS will pay the refund to you as per normal, as long as SARS has your correct bank details on record. If you owe SARS money, you can make payment as per the normal process on eFiling, via EFT or the SARS MobiApp.

The accuracy of data in your return depends on whether third parties, like your employer and other financial institutions, have your latest details. It is important to check that all the prepopulated third-party information displays correctly on your tax return before you accept your auto-assessment. This means you need to carefully check your tax certificates from your employer, medical aid provider and investment managers and compare these to the information prepopulated in your auto-assessment.

When should I not accept the auto-assessment from SARS?

If you have additional deductions to claim, or income to report that has not been prepopulated in your auto-assessment, you should not accept your auto-assessment and should edit the information before submitting it to SARS. Examples include realised capital gains from the sale of assets, rental income, excess medical expenses which were not covered by your medical aid, or a tax deduction for home office expenses.

Some information may not be editable, such as information received from your employer. Where you are unable to edit the information, you will need to approach the relevant third-party provider to process a correction and resend the data to SARS.

The onus is on you, the taxpayer, to ensure income is declared correctly, even where the information is not prepopulated by SARS. Not fully declaring all your income can result in administrative non-compliance penalties.

Do all South Africans need to file a tax return?

Who is exempt?

Not everyone who has earned income and paid tax during the 2021 tax year needs to file a tax return. As an individual, you are only liable to pay income tax if you received taxable income (income after exemptions and deductions have been applied) which is more than a specific amount (known as the "tax threshold" amount) for the tax year.

For the 2021 year of assessment, the tax threshold amounts are:

- R83 100 for individuals younger than 65
- R128 650 for individuals 65 or older, but younger than 75
- R143 850 for individuals 75 or older

SARS states that, as an individual South African tax resident, you do not need to submit an income tax return for the 2021 year of assessment if:

- You have been notified by the Commissioner that you are eligible for auto-assessment and your gross income, exemptions, deductions and rebates are reflecting correctly at the date of accepting the auto-assessment; or if you do not respond to the automatic assessment notification on or before 23 November 2021.
- You have not been selected for auto-assessment, and your gross income consisted of one or more of the following categories of income (even if your gross income exceeds the threshold at which tax becomes payable):

1. South African sourced interest (not from a tax-free investment) less than:
 - R23 800 for individuals below age 65
 - R34 500 for individuals age 65 and older
2. Amounts received from a tax-free investment
3. Remuneration not exceeding R500 000 from only one employer and the employer deducted the required tax

Who must file?

If you are a South African tax resident and you earned above the tax threshold amount, you will need to file a tax return if you had more than one employer or income source (for example you changed jobs during the tax year or worked two jobs, you earned rental income or you earned extra income from a side business). The same applies if you received a taxable allowance or advance from your employer (for example a travel, subsistence, computer or cellular allowance or if you had the right to use a motor vehicle supplied by your employer).

In some instances, as a South African tax resident, you may be required to file a tax return regardless of whether your taxable income exceeded or was less than the tax threshold amount. You will be required to file a tax return for the 2021 tax year if any of the following applies:

- You carried on a business (not as an employee) in or outside of South Africa.
- You sold assets and the capital gain or loss was more than R40 000 for the tax year.
- You owned foreign currency or foreign assets and the total value was more than R250 000 at any time during the tax year.
- You earned a foreign salary for work done as an employee outside of South Africa.
- You earned income or capital gains from foreign currency or assets outside of South Africa that attributed to you (for example, as a result of making a donation, settlement or other disposition).
- SARS sent you a tax return and requested that you complete it.

Commentary contributed by Liezl Alberts, tax specialist, Allan Gray

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Do non-South African tax residents need to file a tax return?

If you are a non-South African tax resident, SARS states that you do not need to file a tax return if you only received dividends from a South African source and you were a non-tax resident for the duration of the 2021 tax year. However, you will be required to file a return if any one of the following applies:

- You received interest from a South African source, and
 - You were physically present in South Africa for longer than 183 days in total during the 12 months before the interest was received or accrued; or
 - The debt from which the interest was earned is connected to your permanent establishment in South Africa.
- You carried on a business (not as an employee) in South Africa.
- You sold assets and made capital gains or losses from the disposal of:
 - South African fixed property or a right in fixed property;
 - Shares in a company or a vested interest in a trust if at least 80% of the value of the interest is in South African fixed property and you hold at least 20% of the shares or rights of the company or trust; or
 - Capital assets effectively connected with a South African permanent establishment.

Contact SARS for more information

For more information regarding your tax submission, please contact SARS directly on 0800 007 277 or visit www.sars.gov.za.