Tax

Frequently Asked Questions

STANLIB

1. How to extract Tax Certificates?

Please select a date range to extract your tax certificates, example **01/03/2018 to 28/02/2019**

When will the tax certificates for each product be available?

In the first or second week in June each year for reporting on the previous tax year's financials.

2. Do clients receive an IT3 (B) and IT3 (C) when they invest in the STANLIB Enhanced Yield Fund?

Yes. This fund is priced daily and as a result the value of the units fluctuates. That means any sale will create a Capital Gains Tax (CGT) fund. The fund distributes monthly which will generate an IT3 (B) decelerating income earned.

3. Will a switch to another fund incur Capital Gains Tax even if the client did not receive a cash payout, but did receive an IT3 (C)?

Yes. Any sale of units will create a CGT event, whether or not the proceeds were paid out to the investor.

4. I did not make any repurchases/withdrawals, why did I receive an IT3(C)?

An IT3 (C) is issued for the sale of units. Sometimes units are sold monthly for fees which creates a CGT event. An IT3 (C) is also issued when transferring units to anyone other than yourself or your spouse.

5. What is the impact for clients of the move to the African Bank Investment Limited (ABIL) retention funds?

The main aim was to move units from the ABIL main fund to these retention funds in order to separate the losses suffered in ABIL. All ABIL retention funds have been closed and units switched back into the main fund. The switch back will create a CGT event.

6. What is the implication if a retirement annuity is not processed before the end of the tax year?

It means the client will be unable to claim a tax refund from this retirement annuity within the specific reporting tax year.

7. Can clients combine living annuity/retirement annuity investments into one, and what is the tax implication?

A retirement annuity can be transferred to a living annuity without any tax implications.

8. If a client has previously made a withdrawal and would like to reverse the transaction, what happens to the tax in the case of an IT(88)? Is the withdrawal also reversed?

The tax and the amount paid can be reversed, but an IT(88) payment made to SARS cannot be reversed as this is an outstanding tax debt.

9. What does the term "base cost" mean and how is it calculated?

The base cost is the cost of the investment and it is calculated using a weighted average method.

10. When is an IT(88) deducted?

An IT(88) is deducted from the net PAYE balance before the remaining balance is paid over to the client according to a directive from SARS.

11. Does an IT(88) deduction reflect on a tax certificate?

No.

12. What does the term “WAV” mean and how is it calculated?

WAV is weighted average value. It is calculated by adding the cost of the newly acquired asset to the base cost of the existing asset and dividing that amount by the new total number of assets.

13. What is the difference between WAV and base cost?

WAV is the method used to calculate base cost and base cost is the actual total cost of the investment from inception.

14. When is Capital Gains Tax (CGT) triggered?

If you sell your investment units, repurchase or transfer your units to an entity other than your spouse and when you convert from one product to another.

15. What tax is applied to income earned from living annuities?

Tax is levied according to the current tax year’s PAYE tax tables.

16. What’s the principle and actual calculation for aggregating tax?

Tax aggregation applies when clients have more than one product within a group of companies. Their income for all the products is aggregated and the applicable tax is deducted from the products so that the correct amount of tax is withheld.

17. What is the tax change that came into effect on T-day?

From 1 March 2015 any new contributions made to a provident fund will be subject to the same annuitisation rules as pension funds, namely that at least two-thirds of the savings must be used to purchase a pension at retirement.

18. Which types of investment vehicles will be affected by T-day?

The following investment vehicles will be affected:

1. Pension funds
2. Provident funds
3. Pension preservation funds
4. Provident preservation funds
5. Retirement annuity funds

19. Which types of investment vehicles will not be affected by T-day?

The following investment vehicles will not be affected:

1. Unit trusts (collective investments)
2. Tax-free investments
3. Long-term policies:
   a. Endowments
   b. Life policies
   c. Voluntary purchase annuities
4. Bank accounts:
   a. 1, 2 and 4
   b. 1, 3 and 4
   c. 3 and 4
   d. all of the above

20. Deductibility of retirement fund contributions: How will employers' tax deduction change?

Employers can currently claim a deduction for their contributions of up to 20% of the approved remuneration of the employee.

21.What is the maximum amount individuals can withdraw from their retirement benefit as a cash lump sum?

R247 500.

22. What is the amount excluded from Capital Gains Tax in the year of death?

R300 000.

23. If a member of the Government Employees Pension Fund (GEPF) has 10 years of service before retirement and wants to resign after 1 March 2016, will he or she receive the full pension benefit?

Yes.

24. What are the investment restrictions on the STANLIB Tax-Free Savings Plan?

R33 000 per year, with a maximum lifetime contribution of R500 000.

25. Can clients transfer their tax-free investment to another provider?

From 1 March 2018 investors in tax-free savings accounts (TFSAs) can transfer accounts directly between product providers for the first time without affecting their annual or lifetime contribution limits. Investors are still allowed to invest up to R33 000 a year in one or more TFSAs (collectively) up to a maximum of R500 000 over their lifetimes. All the investment returns earned in the accounts are 100% tax-free.

26. When will investors be allowed to transfer tax-free savings account between product providers?

After 1 March 2018.

27. What happens to an individual's Tax-Free Savings Plan when he or she dies?

Investments in tax-free savings are added to the estate and are only subject to estate duty tax. The amounts within the tax-free investments cannot be transferred to their beneficiary's tax-free investments. Unfortunately the tax-free investment will form part of the "property" of the deceased as defined in the Estate Duty Act, No. 45 of 1955. If the dutiable amount of the estate of the deceased exceeds R3.5 million it will be subject to estate duty at 20%. Note that a bequest to the surviving spouse will not be subject to estate duty.

28. What is the new tax rate for dividend tax?

To reduce the difference between the combined statutory tax rate on dividends and the top marginal personal income tax rate, government has increased the dividend withholding tax rate to 20% with effect from 22 February 2017.