

## Investor tax certificate (IT3(b)) explained

The tax season for individuals runs from July to November every year. For provisional taxpayers who submit via eFiling, it runs until January of the next year. During tax season you need to submit an income tax return (ITR12) to the South African Revenue Service (Sars) so that they can calculate your tax on your income and the tax-deductible expenses for the assessment year (1 March to the end of February).

Depending on the products that you have with Momentum, we'll send you the relevant tax certificates every year so that you can complete your tax return. Usually you would have received all your tax certificates from us by the end of June every year.

Some or all of the information on the tax certificate may already be prepopulated by Sars on your tax return. If it is, all you have to do is to check the prepopulated information against the information on the tax certificate. If you are happy that the information is correct, you can continue completing your tax return. If the information is incorrect, contact the Sars call centre on 0800 007 277.

If it hasn't been prepopulated by Sars, use the information on the tax certificate to complete your tax return.

You don't submit the tax certificates to Sars when you submit your tax return, but keep them for a period of five years in case Sars requires them from you.

In the table below we give you some more information about this tax certificate:

General questions and explanations	
What type of tax certificate is this?	This is an investor income tax certificate (IT3(b)).
What is an investor income tax certificate (IT3(b))?	It shows investment income received in your investment (like the income a collective investment scheme portfolio distributes) during a particular tax year.
Why am I receiving it?	We must submit information to Sars showing any amount paid to investors' investments or due and payable as well as any tax withheld. This is required by section 26 of the Tax Administration Act.
When will you issue an IT3(b) tax certificate?	We'll give you a tax certificate if you received any of the following from the investment portfolios in your investment: <ul style="list-style-type: none"> <li>• Interest distributions</li> <li>• Dividend distributions</li> </ul> We must also report any local and foreign withholding tax that may have been withheld.
Will my certificate details and values automatically be updated on eFiling?	No, you'll have to fill in the information on your income tax return (ITR12).
What should I do with the certificate?	Use it to fill in the relevant fields on your income tax return. Keep the certificate for your records.

General questions and explanations	
Should I register for tax even if my yearly income is below the threshold?	<p>All taxpayers earning any remuneration above R350 000 per year, or who received any non-remuneration income (non-salary income), must submit an income tax return.</p> <p>Since 2012, if you have more than one source of remuneration, you must be registered for income tax and submit a tax return. Anyone who receives any form of income (eg annuity income), even if the income is below the tax threshold, must register.</p>
Where can I get more information and help with this tax certificate?	<p>Speak to a registered tax practitioner or visit <a href="http://taxtim.co.za">taxtim.co.za</a> (a Multiply partner), who can help you file your tax return.</p> <p>You can also contact Sars on 0800 007 277 or visit its website at <a href="http://sars.gov.za">sars.gov.za</a>.</p>
What do the different source codes and values in this certificate mean?	
<b>4201</b> Local interest	We show the gross amount received or accrued during a specific tax year under this code.
<b>4238</b> Local REIT dividend	<p>Real estate investment trusts (REITs) are JSE-listed companies that manage a portfolio of immovable property assets. The taxation of a REIT is regulated by section 25BB of the Income Tax Act.</p> <p>Dividends distributed by a REIT are subject to income tax in the hands of the SA beneficial owner, but subject to dividend withholding tax in the hands of a non-SA beneficial owner.</p>
Local dividend subject to withholding tax	<p>Local dividends (excluding REIT dividends accrued to SA residents) are exempt from income tax, but subject to dividend withholding tax unless a specific exemption applies.</p> <p>You must declare these amounts in the section “Amounts considered non-taxable” on your ITR12 income tax return.</p> <p>Certain taxpayers and types of dividends may qualify for an exemption from dividend withholding tax.</p> <p>To qualify for this exemption you must complete the relevant sections in the Momentum declaration of exemption form and submit this to us through the normal channels.</p> <p>We combine the gross amount of the following dividend types in this value:</p> <ul style="list-style-type: none"> <li>• In specie (IS) dividends</li> <li>• Cash (CA) dividends</li> <li>• Dual listed (DL) dividends</li> <li>• REIT dividends (paid to non-SA tax residents)</li> </ul>

### What do the different source codes and values in this certificate mean?

Local withholding tax on dividends	<p>The calculation of the withholding tax differs according to dividend type:</p> <ul style="list-style-type: none"> <li>• IS – Zero % withholding tax</li> <li>• CA – (gross dividend less STC credits available) * 15%</li> <li>• DL – (gross dividend less STC credits available) * (15% less foreign rebate to a minimum of 15%)</li> <li>• REIT – (gross dividend less STC credits available) * 15%</li> </ul>
Local interest subject to withholding tax	<p>Certain local interest streams paid or payable to non-SA tax residents are subject to interest withholding tax, unless a specific exemption applies.</p> <p>You must declare these amounts in the section “Amounts considered non-taxable” of your ITR12 return.</p> <p>Certain taxpayers may qualify for an exemption or reduced rate of interest withholding tax.</p> <p>To qualify for this exemption you must complete the relevant sections in the Momentum declaration of exemption form and submit this to us through the normal channels.</p> <p>Where the contract owner was at any time identified as a non-SA resident, we’ll show the gross amount of these interest streams under this heading.</p>
Local withholding tax on interest	The interest withholding tax withheld on certain local interest streams paid to non-SA residents.
<b>4216</b> Foreign dividend	<p>We show the gross amount of foreign dividends received or accrued during a specific tax year under this code. Certain foreign dividends qualify for exemptions in terms of section 10B of the Income Tax Act.</p> <p>Sars will apply the exemption in terms of section 10B(3) on foreign dividends subject to South African income tax.</p>
<b>4112</b> Foreign tax paid on dividend	If any withholding tax was deducted, we’ll show the amount under this code.
<b>4218</b> Foreign interest	We show the gross amount received or accrued during a specific tax year under this code.
<b>4113</b> Foreign tax paid on interest	If any withholding tax was deducted, we’ll show the amount under this code.

## How can I balance my tax certificate values back to my investment statement?

We show the information that Sars requires for its calculations according to its suggested IT3(b) tax certificate layout. This however differs from how we receive distributions from investment portfolios and how we report these on your investment statements.

This means that you must compare the IT3(b) tax certificate's information to the amounts shown on your investment statement.

If your tax certificate values differ from the amounts shown on your investment statement, please contact the relevant Momentum contact centre to investigate. The contact details will be on your tax certificate.

### IT3(b) tax certificates shows the following:

#### Dividends

**4238** Local dividend (REIT) value: A

Dividend value: B

Dividend withholding tax: BT

**4216** Foreign dividend value: C

**4112** Foreign tax paid on dividend: CT

#### Interest

**4201** Local interest: D

Interest: E

Interest withholding tax: ET

**4218** Foreign interest: F

**4113** Foreign tax paid on interest: FT

You can calculate the reported value on your **detailed investment statement** using the above references, A to F.

If you use a detailed investment statement for the tax year from 1 March to end of February:

- The total dividend distribution = A + B + C above
- The total interest distribution = D + E above

### On the detailed tax statement you can compare as follows:

Period 01/03 to 29/02

#### Local

Dividends = A + B

Dividend withholding tax = BT - dual-listed withholding tax

Dual listed dividend withholding tax = BT - dividend withholding tax

Interest = D + E

Interest withholding tax = ET

#### Foreign

Dividends total = C Dividend tax withheld = CT Interest total = F

Interest tax withheld = FT

## Other information fields on this certificate



### Year of assessment

The tax year in which the investor's investment received earnings, or when it became payable.



### Investment closing balance

This amount reflects the value of your investment at the end of the tax year.

Financial wellness is about you and your money and how you use the money you earn to make a living and shape your financial future throughout the different stages of your life and that of your family.

How you structure your income, and therefore your tax payable, can have a significant impact on your financial wellness. A financial adviser or registered tax practitioner can help you understand how to best structure your tax.

### Disclaimer:

The information provided in this document is for general information purposes only and is not intended to be relied on as advice as contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS). The information does not take into account your personal financial circumstances.

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