

Investor tax certificate (IT3(c)) 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 certificate is this?	This is an investor income tax certificate (IT3(c)).
What is an investor income tax certificate (IT3(c))?	It shows any gain or loss on your investment based on the transactions you did during the tax year, from 1 March to the end of February.
Why am I receiving it?	We report to Sars all gain or loss events that occurred when you sold your investment components during the year of assessment. Your intention (see below) when you do a transaction is one of the main indicators that determine the tax consequences of a transaction. We don't know your intent and as such we merely report the total proceeds received, the associated cost and the net gain or loss when you sold investment components. As a taxpayer it remains your responsibility how you report these transactions to Sars.
Determining a capital gain or a capital loss	<p>A gain or loss is triggered when you sell an asset or when you are deemed to have sold an asset. Capital gains tax (CGT) applies to all capital assets sold on or after 1 October 2001. Only the gain or loss attributable from 1 October 2001 to the selling date is subject to CGT.</p> <p>When you sell an asset, the amount that you receive (or that accrues to you) is the selling price (proceeds).</p> <p>The base cost of the asset is generally what you paid to get the asset.</p> <p>The gain is the positive difference when deducting the base cost of the investment from the proceeds.</p> <p>The loss is the negative difference when deducting the base cost of the investment from the proceeds.</p>

General questions and explanations	
When will you issue an IT3(c) certificate?	We'll give you a certificate if you sold part of or all your investment units or shares during the tax year.
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 and then keep it for your records.
Should I be registered for tax even if my yearly income is below the threshold of R350 000 per year?	<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 taxim.co.za (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 sars.gov.za for the Comprehensive Guide to Capital Gains Tax.</p>
What do the different source codes in this certificate mean?	
4250	This code indicates that you gained when you sold a local instrument.
4251	This code indicates that you made a loss when you sold a local instrument.
4252	This code indicates that you gained when you sold a foreign instrument.
4253	This code indicates that you made a loss when you sold a foreign instrument.
When do I get taxed on income and when on a capital gain (or loss)?	<p>Capital gains tax provisions apply to the sale or disposal of all assets. The provisions are not limited to capital assets, but the Eight Schedule to the Income Tax Act does provide that if the amount arising from the sale or disposal of an asset is included in income, then it is not included in proceeds. Trading stock is therefore not subject to the capital gains tax provisions. The distinction on whether an asset is trading stock or an actual asset is related to the intention of the taxpayer. Sars will consider the unique facts and circumstances of each taxpayer to determine whether the proceeds of a sale would be subject to income tax or capital gains tax.</p> <p>If you are uncertain about the tax treatment of the sale of your investment, we recommend that you speak to a registered tax practitioner.</p>

Other information fields on this certificate



Year of assessment

The tax year in which the transaction is realised.



Transaction year

The tax year during which we processed the sale on our system.

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:

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