

The 2018 tax filing season starts on 1 July 2018 and is expected to close towards the end of November 2018. During this time, you may need to submit an income tax return to the South African Revenue Service (SARS). To assist you, we have put together the answers to some frequently asked questions.

Do I need to register for income tax and if so, how can I do it?

SARS requires all individuals, including minors, who earned taxable income for the 2017/2018 tax year above the following thresholds to register for income tax:

- Below age 65: R75 750
- Age 65 and below 75: R117 300
- Age 75 and over: R131 150

To register as a taxpayer, you will need to visit a SARS branch and provide the following documentation:

- A copy of your ID, passport or driver's license
- Proof of your bank details (e.g. an original/certified copy of your statement or an original letter from the bank confirming your bank details)
- Proof of your residential address (e.g. an electricity bill no more than three months old)

Do I need to submit an income tax return?

Not everyone who is required to register for income tax needs to submit a tax return to SARS. You will have to submit a completed and signed income tax return to SARS if you are registered for income tax for the 2017/2018 tax year (i.e. from 1 March 2017 to 28 February 2018) and you:

- Earned an income greater than R350 000, or
- Have more than one source of taxable income (e.g. salary, interest, rental income), or
- Have deductions you want to claim from SARS (e.g. medical expenses, travel or retirement annuities)

What happens if I do not submit my income tax return by the SARS deadline?

SARS charges non-compliance penalties for each month that your return is outstanding. If you do not submit your income tax return and pay your penalty, SARS may deduct the penalty from your salary or bank account.

What information does Allan Gray report to SARS on my behalf?

To verify the information that tax payers provide to SARS and to prepopulate certain sections on tax payers' income tax returns, SARS requires third parties (including Allan Gray) to report certain information. We report the following client information to SARS twice a year:

- Investment income (e.g. dividends and interest)
- Capital gains/losses
- Living annuity income
- Contributions to retirement annuity funds
- Contributions, withdrawals, and returns earned on tax-free investment accounts
- Pay As Your Earn (PAYE) tax deducted on retirement fund lump sum payments
- Information required under FATCA/CRS (once a year, see below)

How do I use my Allan Gray tax certificate(s) when completing my income tax return?

If there is information about your Allan Gray investment that needs to be included on your income tax return, we will send you a tax certificate before the 2018 filing season starts via email or post, depending on your communications preference. You will also be able to access your tax certificates via your Allan Gray Online account (under the 'Tax certificates' tab). The table below highlights the different tax certificates that we issue for each product.

Tax certificate or statement	Tax certificate description	Product	Account numbers starting with
IRP5 / IT3(a)	Reports all annuity income and lump sum payments. An IRP5 is issued when tax was deducted and an IT3(a) is issued when tax was not deducted.	<ul style="list-style-type: none"> ▪ Allan Gray Living Annuity ▪ Allan Gray Pension Preservation Fund ▪ Allan Gray Provident Preservation Fund ▪ Allan Gray Retirement Annuity Fund ▪ Allan Gray Umbrella Retirement Fund 	<ul style="list-style-type: none"> ▪ AGLA ▪ AGPE ▪ AGPR ▪ AGRA ▪ AGUF ▪ AGUP
IT3(b)	Reports interest and dividends for local and offshore investments.	<ul style="list-style-type: none"> ▪ Allan Gray Unit Trust ▪ Allan Gray Local Investment Platform ▪ Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> ▪ AGUT ▪ AGLP ▪ AGOS
IT3(c)	Reports capital gains and losses for local and offshore investments.	<ul style="list-style-type: none"> ▪ Allan Gray Unit Trust ▪ Allan Gray Local Investment Platform ▪ Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> ▪ AGUT ▪ AGLP ▪ AGOS

Tax certificate or statement	Tax certificate description	Product	Account numbers starting with
Transaction history statement	Issued to investors who cannot receive an IT3(c) due to insufficient information supplied from a transferring company regarding their weighted average unit cost.	<ul style="list-style-type: none"> Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> AGOS
IT3(s)	Reports all contributions, withdrawals, and returns earned on a tax-free investment.	<ul style="list-style-type: none"> Allan Gray Tax-Free Investment 	<ul style="list-style-type: none"> AGTF
Retirement annuity fund contribution certificate	Reports all retirement annuity fund contributions made during the tax year.	<ul style="list-style-type: none"> Allan Gray Retirement Annuity Fund 	<ul style="list-style-type: none"> AGRA

When will I receive my tax certificate(s)?

The table below shows the anticipated dates when we will send investors their tax certificates for the tax year ending 28 February 2018.

Certificate	Distribution timeline	Availability online
Retirement annuity contribution certificate	23 April – 26 April 2018	1 May 2018
IT3(b) local and offshore	30 April – 7 May 2018	8 May 2018
Transaction history statement	2 May 2018	3 May 2018
IT3(c) local and offshore	14 May – 21 May 2018	22 May 2018
IT3(s)	25 May – 28 May 2018	28 May 2018
IRP5	30 May – 31 May 2018	1 June 2018
IT3(a)	30 May – 31 May 2018	1 June 2018

What information am I required to report to SARS regarding tax-free investments?

You are required to declare the contributions and withdrawals made as well as the return on all of your tax-free investments as found on your IT3(s) tax certificates. The values for interest, dividends and capital gains/losses will reflect as zero. This is because your Allan Gray Tax-Free Investment Account is an investment policy issued by Allan Gray Life Limited (Allan Gray Life) and Allan Gray Life owns all of the underlying investments. As a result, all income earned (interest and dividends) and capital gains/losses accrue to Allan Gray Life for tax purposes and not directly to you. You are therefore not required to declare it in your income tax return.

Is it necessary to submit tax returns for minor children holding TFI accounts?

No. The Income Tax Act requires a parent to include in their return any income received by, accrued to, or in favour of any of their minor children either directly or indirectly from that parent, or any income deemed to be that parent’s income. As receipts or accruals in respect of a tax-free investment are exempt from normal tax, it is not income, and there is no obligation to include it in the return of the parent.

What is FATCA/CRS and who does it affect?

The Foreign Account Tax Compliance Act (FATCA) and the Organisation for Economic Cooperation and Development’s (OECD) Common Reporting Standard (CRS) were introduced to facilitate and standardise the sharing of information between tax authorities around the world. In doing so, they aim to prevent investors from evading tax by housing assets and income in favourable tax jurisdictions. To comply, we will provide SARS with the following information once a year for investors who have indicated that they are active in countries other than South Africa:

- Dividend and interest amounts earned
- Withdrawal amounts
- Certain static information e.g. foreign tax identification numbers

This affects investors in the following products:

- Allan Gray Unit Trust Account
- Allan Gray Investment Platform Account
- Allan Gray Offshore Platform Account
- Allan Gray Endowment Policy
- Allan Gray Tax-Free Investment Account (FATCA only)

Who should I contact for more information?

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

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