

# 2014

# SOUTH AFRICAN

# BUDGET

HOW DOES THE ANNUAL BUDGET AFFECT YOU?

## INCOME TAX



### TAX BRACKETS

**R9.3 Billion** income tax relief is being granted to households. **40%** of the income tax relief goes to South Africans earning less than **R250 000** per year and **56%** will go to South Africans who earn less than **R350 000**. For example, if you have an annual income of **R250 000**:

- In 2013, you would have paid tax of **R38 828**
- In 2014, you will only pay **R37 555**
- That means a tax saving of **R1 273** in the 2014 season.



### TAX THRESHOLD

The amount an individual must earn before they are required to pay tax has been raised as follows:

- Below age 65 - **R70 700**
- Age 65 and over - **R110 200**
- Age 75 and over - **R123 350**



### REBATES

The rebate for individual tax payers has also gone up as follows:

- Primary (for all tax payers) - **R12 726**
- Secondary (aged 65 and over) - **R7 110**
- Tertiary (aged 75 and over) - **R2 367**

# RETIREMENT FUND LUMP SUMS



One of the most significant changes in the 2014 budget speech is the huge increase in the tax-free retirement lump sum portion from **R315 000** to **R500 000**.



## RETIREMENT AND RETRENCHMENT BENEFITS

The first **R500 000** payable at retirement or retrenchment from a pension, provident or retirement annuity fund is tax-free.

The balance is taxed according to the following fixed scale:

R0 – R500 000	0%
R500 001 – R700 000	18% of the amount exceeding R500 000
R700 001- R1 050 000	R36 000 plus 27% of the amount exceeding R700 000
R1 050 001 and above	R130 500 plus 36% of the amount exceeding R1 050 000

This amount applies to the aggregate of all retirement lump sums received over the retiree's lifetime. This means that you cannot get **R500 000** from one fund and **R500 000** from a living annuity. The fund values in both funds will be added together, and the first **R500 000** will then be tax free. The balance will be taxed according to the scale above.

Any withdrawal benefit previously received tax free, as well as tax-free portions for amounts paid out in respect of divorces or maintenance orders after 1 March 2009, will also be deducted off the tax-free amount.



## DEATH BENEFITS

Death benefits are taxed exactly the same as retirement benefits above.



## BENEFITS ON WITHDRAWAL

The first **R25 000** of a cash withdrawal will be tax free, with the balance taxed as follows:

R0 – R25 000	0%
R25 001 – R660 000	18% of the amount exceeding R25 000
R660 001- R990 000	R114 300 plus 27% of the amount exceeding R660 000
R990 001 and above	R203 400 plus 36% of the amount exceeding R990 000

This amount applies to the aggregate of all withdrawal lump sums received over the member's lifetime after 1 March 2009.

## SIN TAX AND FUEL LEVY



There is some bad news as well: many of the things you enjoy will be costing you more, specifically:

- **9c** more per 340ml beer or cider
- **27c** more per 750ml bottle of wine
- **68c** more per pack of 20 for cigarettes
- **R4.80** more per bottle of whiskey

Sadly, despite e-tolls and increasing fuel rates, as of April 2 2014, you will also be paying **20c** extra per litre of petrol towards the general fuel levy (**12c**) and the Road Accident Fund (**8c**).

## CALCULATE YOUR TAX



Use this easy calculator to determine your tax savings:

<http://www.fin24.com/Budget/Calculators/Tax>

# TIP

**MAKE THE MOST OF THE TAX SAVINGS THAT THIS YEAR WILL BRING, AND INCREASE YOUR SAVINGS FOR RETIREMENT.**

