What is turnover tax?

Turnover tax is a simplified tax system aimed at making it easier for small businesses to comply with their tax duties. The turnover tax system replaces Income Tax, VAT, Provisional Tax, Capital Gains Tax and Dividends Tax. A small business that is registered for turnover tax can, however, choose to remain in the VAT system.

Turnover tax is calculated by applying a tax rate to the turnover of a business. The rates are as follows for 1st April 2013 to 31st March 2014.

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Marginal Rates for 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0 – R150,000</td>
<td>0%</td>
</tr>
<tr>
<td>R150,001 – R300,000</td>
<td>1% of each R1 above R150,000</td>
</tr>
<tr>
<td>R300,001 – R500,000</td>
<td>R1,500 + 2% of the amount above R300,000</td>
</tr>
<tr>
<td>R500,001 – R750,000</td>
<td>R5,500 + 4% of the amount above R500,000</td>
</tr>
<tr>
<td>R750,001 and above</td>
<td>R15,500 + 6% of the amount above R750,000</td>
</tr>
</tbody>
</table>

For 2013/2014 Tax tables see below.

To take account of the typical expenses incurred by a small business and to eliminate the need for detailed recordkeeping of deductible tax expenses, the turnover tax rates are significantly lower than the tax rates under the standard tax system.

The following will assist with regard to record keeping:

- Recordkeeping workbook for individuals and partnerships
- Recordkeeping workbook for close corporations, companies and cooperatives

For more information on turnover tax, see the following:
Who is turnover tax for?

Turnover tax is available to qualifying individuals (sole proprietors), partnerships, close corporations, companies and co-operatives with an annual turnover of R1million or less.

What steps must I take?

Existing small businesses can register for / switch to turnover tax before the start of a new tax year. New businesses must register within two months from commencing business activities.

Complete the TT01 Application Form (The Guide to Completing the Turnover Tax application form will assist in this regard) and submit to the nearest SARS branch office or post it to:
SARS Revenue Branch Office
PO Box 1003
Alberton
1450

Note!
See Government Notice No 289 published on 4 April 2012 – Determination of a date by which a person may elect to be registered as a micro business in terms of the Sixth Schedule to the Income Tax Act, 1962

When must turnover tax be paid?

Two interim payments, the first in the middle of the tax year and the second at the end of the tax year must be made based on the estimated turnover of the business for that tax year.

TT02 – Payment Advice for Turnover Tax

After the end of the tax year, a turnover tax return that reflects the actual turnover of the business must be
completed. Any shortfalls / overpayments then become payable / refundable. The Payment Advice will assist with this and other matters relating to payments.

How should turnover tax be paid?

Besides the two interim payments, a Turnover Tax Return must be submitted annually to SARS by a specific due date that will be announced by SARS as part of its annual Filing Season campaigns. The completed return can be submitted or posted to the nearest SARS branch office.

- Completion of Annual Turnover Tax Return TT03 – Guide
- TT03 – Turnover Tax Return