

HOW TO COMPLETE YOUR INDIVIDUAL INCOME TAX RETURN (ITR12)

INTRODUCTION

The return that has been issued to you was specifically customised to suit your needs based on the information supplied by you when you requested your ITR12 Individual Income Tax Return. If, however, you now discover that the return received by you does not make provision for all the income and deductions sections you require, please obtain a revised return by:

- Registering for eFiling where you can build your own return with the help of a wizard
- Contacting the SARS Contact Centre at 0800 00 SARS (7277) or
- Visiting your local SARS branch.

This quick guide is designed to help you to complete your ITR12 accurately and honestly. Should you require more information, a Comprehensive Guide is available on the SARS website www.sars.gov.za under Tax Types>Income Tax>Tax Season 2008. If you need help to complete your return, visit any SARS branch with all your supporting documents.

Deadline for manual submission: 21 November 2008

GETTING STARTED

To complete your return you will need the following documentation where applicable:

- Details of your banking particulars
- Your IRP5/IT3(a) certificate(s)
- Certificates that you received in respect of investment income [IT3(b)]
- Details of medical expenses incurred
- Information relating to retirement annuity contributions
- Details of business travel (if you received a travel allowance)
- Information relating to capital gain transactions
- Financial statements, if applicable e.g. business income
- Any other documentation relating to income you received or deductions you want to claim.

Please note that although you will be using this documentation to complete your return, you must NOT submit it to SARS with your return. You must retain this documentation for a period of five years in case SARS calls for them.

COMPLETING YOUR RETURN

Use a black pen to complete the return, write in capital letters and keep your writing within the spaces provided. All financial information should be completed on the right side of the grid, and not on the left. Although you have received a customised return, there may still be fields that do not apply. You are requested to leave all areas of the return which do not apply to your tax affairs BLANK. Please do not write N/A or strike through the spaces that do not apply.

Please do not use correcting fluid or cross out anything if you make a mistake as our scanners will reject these changes. If you make a mistake, request a new return (see introduction). It is for this reason that we encourage taxpayers to electronically file, as you are then able to make corrections!

We also request that you do not fold your form when you submit it as this will delay the processing of your return.

You must complete all relevant parts of the return. Any incomplete return will be sent back to you and will be marked as "not submitted" until you send in the fully completed return. This could result in penalties for the late submission of the return.

This is an example of the top section of a return which has been pre-populated by SARS.

Personal Details																			
Surname	SMITH										Home Tel No.	0215422222							
First Two Names	IAN ABRAHAM										Bus Tel No.	0214224200							
Initials	IA	Date of Birth (DDMMYY)	19790909					ID No.						Fax No.					
Passport No.	123654781APP										Cell No.								
Contact Email																			

The following fields on the return must be completed:

- Signature: The tax return is a legally binding declaration which you make to identify all the income, tax and deductions for the year of assessment. Without your signature it is invalid and will be sent back to you.
- ID number, passport number or date of birth: At least one of these must be completed.
- Personal particulars: You must enter your address and contact details. These must be your details and NOT your tax practitioner's, if you use one.

Residential Address												
Unit No.	22		Complex (if applicable)	LA MONTANA								
Street No.	123		Street/Name of Farm	BURGER STREET								
Suburb/District	SEAPOINT											
City/Town	CAPE TOWN							Postal Code	1233			
Postal Address												
Mark here with an "X" if as above or complete your postal address.	<input checked="" type="checkbox"/>									Postal Code		

- Banking details: Without accurate banking details we cannot issue you a refund. To avoid fraud and theft, SARS only pays refunds electronically into verified current or transmission bank accounts held in the name of the taxpayer (not third parties or joint accounts) in a registered South African financial institution.
- Income received: Ensure that all income received by you is declared.
- Marital status: As your marital status may influence the calculation of your tax liability it is important that you indicate whether you were unmarried or married as at the 29th of February 2008. If you are married you need to indicate whether you are married IN or OUT of community of property.

Preferred means of contact

Indicate your preferred means of contact by marking the applicable space using the numbers 1 to 5. The number 1 indicates the most preferred option and the number 5 the least preferred option.

Tax practitioner's information

If you make use of a tax practitioner to complete your return, this information should be completed by your tax practitioner.

Pre-Population of Return

Many of the mandatory fields on the return will already be filled in for you with the information at the disposal of SARS, including personal details and income received if you are an employee (if you get an IRP5).

Please ensure that you complete your address details as these will not be filled in. SARS is using this opportunity to update address details according to a set format in order to comply with prescribed norms.

If this is the case you must leave this section blank next to the code 4005 (see example on the right) as the information will already be reflected in the "Tax Certificate" section of the return. You will therefore only complete an amount next to the code 4005 if your contributions to the medical fund were not paid over by your employer and you paid it yourself, for example from your own bank account. If you did pay it yourself you will find the amount of the contributions on the statement you received from your medical fund.

Expenditure incurred and not recovered from a medical fund

If you made contributions to a medical fund this amount will also appear on the statement that you received from your medical fund.

If you did not belong to a medical fund you must add together the receipts for qualifying medical expenses actually paid to determine the amount to be inserted next to code 4020. For further information on qualifying medical expenses please consult the Comprehensive Guide on www.sars.gov.za or call 0800 00 SARS (7277).

Medical Deductions		MEDIF01			
Did you make any contributions to a medical fund during the year of assessment?		Y <input checked="" type="checkbox"/> N <input type="checkbox"/>			
If yes, state the total number of members (including yourself) per month:					
Mar	Apr	May	Jun	Jul	Aug
2	2	2	2	2	2
Sep	Oct	Nov	Dec	Jan	Feb
3	3	3	3	3	3
State your medical fund contributions (not reflected on your tax certificate) - refer to guide			R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0 4005		
State your qualifying medical expenses not recovered from your medical fund (other than handicap/physical disability expenses)			R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 3 3 4020		
Physical disability expenses (not recovered from your medical fund)			R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4022		
Are you, your spouse or any of your qualifying children considered to be handicapped?		Y <input type="checkbox"/> N <input type="checkbox"/>			
Handicap expenses (not recovered from your medical fund)			R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4023		

Physical disability expenditure not recovered from a medical fund

If you, your spouse or child have a disability the amount of expenditure must be filled in here next to the code 4022, providing the expenditure was not covered by a medical fund.

Handicapped expenditure

Handicapped persons refer to a blind person, a deaf person, or a person who, as a result of a permanent disability, requires a wheelchair, calliper or crutch, to assist him or her to move from one place to another, or a person who requires an artificial limb. It also includes a person who suffers from a mental illness as defined in the Mental Health Care Act, 2002 (Act No.17 of 2002).

Please refer to the Comprehensive Guide on www.sars.gov.za or call 0800 00 SARS (7277) to determine what supporting documentation should be retained for a period of five years to substantiate your claim.

RETIREMENT AND INCOME PROTECTION CONTRIBUTIONS

Pension fund contributions

Your current pension fund contributions are reflected on your IRP5/IT3(a) tax certificate and are contained in the Tax certificate section.

Only arrear pension contributions purchased in this year of assessment that do not appear on your IRP5/IT3(a) certificate must be reflected next to the code 4002.

Current and arrear retirement annuity contributions

Only contributions paid in respect of a policy that you yourself will benefit from can be claimed.

Enter the contributions as reflected in the certificate/s received from the institution/s to which you made the contributions.

Please note that the amounts reflected on your IRP5/IT3(a) (see example on the right) will not be considered as a deduction as you must use the certificate received to complete this section.

Deductions/ Contributions		DCTCT01
Current Pension Fund Contributions		
R	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 5 0 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4 0 0 1
Medical Aid Contributions		
R	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 0 0 0 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4 0 0 5
Current Retirement Annuity Fund Contributions		
R	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 9 0 0	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4 0 0 6

Although the amount on the certificate might not be the same as on the IRP5/IT3(a), you must fill in your certificate amount under the code 4006. (see example on the right)

Income protection insurance contributions

If you made any contributions to protect your income you should receive a certificate from the institution to which the contributions were made. Enter the amount next to the code 4018 on your return.

Retirement and Income Protection Contributions		RETIP01
Arrear Pension Fund Contributions	R	4002
Current Retirement Annuity Fund Contributions	R	4006
Arrear Retirement Annuity Fund Contributions	R	4007
Income Protection Insurance Contribution	R	4018

Example values from form: Current Retirement Annuity Fund Contributions: 900

TRAVEL CLAIM AGAINST A TRAVEL ALLOWANCE

You may only claim travel expenses if you received a travel allowance that will be reflected as code 3701 and/or 3702 on your IRP5/IT3(a) tax certificate.

How to determine kilometres travelled

If you received a travel allowance you have the choice to claim travel expenses based on the actual kilometres travelled or by using the deeming provisions provided for in the Income Tax Act.

1. Log book

You must be in the possession of a properly completed log book in order to use actual kilometres travelled.

Please note that the minimum information required for a log book is the following:

- Date on which the travel took place;
- The destination to and from;
- The kilometres travelled; and
- The reason for the travel.

If you chose this option you must select the "yes" option next to the question "did you use a log book?"

2. Deemed kilometres

If you do not elect the log book option by marking the applicable space with an "x", it will be assumed that the deeming provisions must be applied. In terms of the deeming provisions the first 18 000 kilometres travelled will be deemed as private kilometres travelled.

In calculating the travel claim the total kilometres travelled will be limited to 32 000 kilometres.

Calculation of the travel claim

To enable SARS to calculate your claim it is imperative that you complete the following information:

- The cost price or cash value of the vehicle
- The vehicle registration number
- Start and end dates
- Opening and closing kilometres (odometer readings)
- Business kilometres travelled
- Private kilometres travelled.

On the right is an example of how this section must be completed if you don't use a logbook:

Please note that without this information SARS will not be able to calculate the travel claim and will therefore not consider the claim.

Travel expenses against a travel claim can be claimed according to

Travel Claim Against Allowance		TRVIF01
Did you use a logbook to determine your business km travelled?	Y <input type="checkbox"/> N <input checked="" type="checkbox"/>	
Vehicle Registration No.	SY62816P	
Cost Price or Cash Value	R 40000	
Details of Kilometres Travelled		
Starting Date (CCYYMMDD)	20070301	
Closing Date (CCYYMMDD)	20080228	
Opening Km	86500	
Closing Km	111500	
Total Km	25000	
Private Km	18000	
Business Km	7000	

one of the following methods:

- (i) Where accurate records of expenses have been kept: Complete the applicable items under the sub heading "Where Records of Actual Expenditure were kept" .
- (ii) Where no records of expenses were kept: The cost of scale table will be used to calculate your claim if you did not complete the line items relating to the actual expenditure.

OTHER DEDUCTIONS

Only certain deductions are allowable if you earn a salary. Some of these deductions, such as pension and retirement annuity contributions, have already been addressed in this guide. The remaining deductions that qualify, providing expenses were incurred, are the following:

Subsistence allowance

- If you were in receipt of a local subsistence allowance which is reflected next to source code 3704 on your IRP5/IT3(a), you may claim expenditure. Enter the amount calculated next to the code 4017 in this section of your return.
- If you received a foreign subsistence allowance which is reflected next to code 3715/3754 on your IRP5/IT3(a), the calculated amount of your claim must be filled in next to code 4019.

Donations to an approved Section 18A Public Benefit Organisation

Use the amount reflected on the receipt you received. Remember the amount will only qualify as a deduction if the receipt states that it is issued in terms of Section 18A of the Income Tax Act.

Depreciation

You may only claim for this if you own an asset (e.g. a computer) and you are obliged to use this asset regularly to perform tasks relating to your job. The amount calculated must be filled in next to the code 4027 on your return.

Home office expenses

You only qualify for this deduction if you are employed, working for a salary and a condition of your employment is to bear the cost of maintaining a home office as your central business location.

If you believe you are entitled to claim expenditure for a home office, the following formula must be used when calculating the amount to be deducted:

$A / B \times \text{Total costs}$, where

- A = The square metre area used for work
- B = The total square metre area (including any outbuildings and the area used for work) of the residence
- Total costs = The total costs incurred in the acquisition and upkeep of the property (excluding expenditure of a capital nature).

Travel expenses (no allowance e.g. commission income)

If you did not receive a travel allowance but incurred travel expenses in the production of your income, you may claim these back. The amount of your claim must be filled in next to code 4015.

Other deductions

You may claim legal expenses incurred in respect of any claim that is directly related to your salary package, such as a CCMA case where the claim will, as a result of a court order, be included in income or an out of court settlement in respect of labour disputes.

General

Should you require any further information please refer to the Comprehensive Guide available on the SARS website www.sars.gov.za, visit your nearest SARS branch or call the SARS Contact Centre on 0800 00 SARS (7277).