

## NEED MORE HELP?

- Call 0860 12 12 18
- Visit [www.sars.gov.za](http://www.sars.gov.za) or visit any SARS branch

### INTRODUCTION

This guide is designed to help to accurately and properly complete the trust return. For help to complete the return visit the local SARS office or contact the SARS Call Centre at 0860 12 12 18.

**The return must be completed and submitted by 31 October 2007**

### Completing the return

Use a black or blue pen to complete the return and keep the writing within the spaces provided. Do NOT strike through the squares that do not apply.

Please do not use correcting fluid if a mistake was made. We also request that the return is not folded as it will delay the processing of the return.

All relevant parts of the return must be completed. Any incomplete return will be sent back and will be marked as not submitted until the completed return is received. This could result in penalties for the late submission of the return.

The following fields on the return are mandatory:

- Signature: The tax return is a legally binding declaration to identify all income received or accrued and all income taxable in the hands of the trust. An unsigned return is therefore worthless;
- The year of assessment: This version of the return can also be used for prior years;
- The tax reference number of the trust;
- The date of registration at the Masters office;
- Particulars of the trust (name, address, trust type, contact details, etc.);
- Banking details;
- Financial information relating to income. (If no income was received the field must be completed with a 0 and the applicable profit source code. Refer to the individual sections dealing with the different types of income sources.); and
- Statement of assets and liabilities.

### Getting started

To complete the return the following documentation will be required:

- All certificates and documentation relating to income;
- Financial statements and/or administration accounts;
- Proof of payment of any tax credits;
- Particulars of assets and liabilities.

### Signature of the representative taxpayer

The representative taxpayer is obliged to ensure that a full and accurate disclosure is made of all relevant information as required in the income tax return. Misrepresentation, neglect or omission to furnish such return, or furnishing false information, is liable to penalties and/or additional assessments (together with interest) and/or prosecution.

Please note that if the return is not signed it will be returned and regarded as not having been received. This could result in penalties for the late rendition of the return.

If the trust is registered as an e-Filer and the return is submitted electronically, the password received during registration as an e-Filer, will serve as the digital signature.

### COMPLETION OF THE RETURN

#### Particulars of the trust

Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.

#### Trust type and income rights

Mark the applicable block with an "X" to enable SARS to correctly code the provisional tax status of the trust.

#### Particulars of representative taxpayer

Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.

#### Bank account information

- Verify the correctness of the printed details and if they are incorrect use the white blocks to the right of the printed details to fill in the correct information.
- If no details are printed in this section complete all the applicable fields with the relevant details.

Electronic transfers of refunds are effected using the branch code number and not the name of the bank. It is therefore not required to provide the name of the bank with which the trust transacts.

**Note:** SARS only issues cheques in exceptional circumstances, therefore, banking details must be provided in order to facilitate a refund. No refund will be paid into the bank account of a third party.

#### Preferred means of contact

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

#### Tax practitioner information

If the trust makes use of a tax practitioner to complete the return this information should be completed by the tax practitioner.

## INCOME RECEIVED AND/OR ACCRUED

### Main source of income

Consult the Source Code Booklet on the SARS website [www.sars.gov.za](http://www.sars.gov.za) to complete this field.

### General

Although financial statements, receipts and other documentation will be used in the completion of the return, NO supporting documentation must be attached to the return. All information and documentation must be retained for a period of five years after the submission date of the return, should SARS request it.

There are three line items to be completed in respect of the various sources of income. The first line refers to the taxable amount available for distribution. The second line refers to the amount taxable in the hands of another person(s) in terms of the provisions of section 7 of the Income Tax Act, or the amount vested and taxable in the hands of a beneficiary. The third line item refers to the amount taxable in the trust with the corresponding source code. The various sources that provision are made for is the following:

### Remuneration

Use the financial statements/certificates to determine the amount of taxable remuneration income that would be available for distribution. The source code to be filled in here can be obtained from the applicable certificates received.

If no remuneration income was received by the trust indicate the amount as 0 and fill in 3601 as the source code.

### Annuities

Use the certificates received from the institutions where the money is invested together with the financial information to determine the amount that would be available for distribution. The source code that must be used here is source code 3611.

If no annuity income was received by the trust indicate the amount as 0 and fill in 3611 as the source code.

### Local Interest

The same procedure used for the completion of the annuity section must be applied here. The source code that must, however, be used here is source code 4201.

If no local interest income was received by the trust indicate the amount as 0 and fill in 4201 as the source code.

### Foreign interest

The same procedure used for the completion of the annuity section must be applied here. The source code that must, however, be used here is source code 4218.

If no foreign interest income was received by the trust indicate the amount as 0 and fill in 4218 as the source code.

### Foreign dividends

The same procedure used for the completion of the annuity section must be applied here. The source code that must, however, be used here is source code 4216 if it relates to a profit and 4217 if it refers to a loss. In the declaration of the taxable amount the option to elect to be taxed on the net foreign dividend must be noted. If the election is

made to be taxed on the net foreign dividend the "Y" block next to the question on page two of the return, in the section relating to foreign tax credits must be marked with an "X". This means that the amount declared as taxable must be representative of the amount after the set off of any withholding tax. Should this option be taken the withholding tax will not qualify as a deduction during the assessment process and must not therefore be filled in on the return. The applicable source code here is 4216 if it relates to a profit and 4217 if it relates to a loss.

If no foreign dividend income was received by the trust indicate the amount as 0 and fill in 4216 as the source code.

### Local Capital Gain/Loss

Use the financial information relating to any disposals or deemed disposal to complete this section. Please note that the amount declared must be prior to the application of the inclusion rate as this will programmatically be applied by SARS during the assessment process.

If the return relates to a special trust type A the amount must be declared prior to the application of the annual exclusion as the annual exclusion will programmatically be applied by SARS during the assessment process. The inclusion rate for special trusts Type A and B will also be applied programmatically.

The source code that will apply here is 4250 in respect of a gain and 4251 in respect of a loss.

If no local capital gain income was received by the trust indicate the amount as 0 and fill in 4250 as the source code.

### Foreign capital gain/loss

The same procedure as for local capital gain/loss must be applied in determining the amounts to be declared.

The source code that will apply here is 4252 in respect of a gain and 4253 in respect of a loss.

If no foreign capital gain income was received by the trust indicate the amount as 0 and fill in 4252 as the source code.

### Other local income (excluding rental, business and farming)

In this section any other income, not specifically addressed in this return, must be declared. Please note that rental and trading income must be declared on page 3 of the return, where as farming income must be declared on page 4 of the return.

The source that will apply here must be obtained from the Source Code Booklet available on the SARS website [www.sars.gov.za](http://www.sars.gov.za).

If no other income was received by the trust indicate the amount as 0 and use code 2198 as the source code.

### Total taxable foreign income (excluding interest, dividends, capital gain transactions and farming activities)

Calculate the amount of foreign income received by using the information contained in the applicable financial statements/certificates. Please note that although financial statements drawn up in another currency will be acceptable as substantiating documentation, if requested, the amounts declared must be translated to the currency of the Republic.

The source code that will apply here is code 4220 i.r.o. a profit and 4221 i.r.o. a loss.

If no total taxable foreign income was received by the trust indicate the amount as 0 and fill in 4220 as the source code.

## PAYE CREDITS

In this section of the return provision is made for reflecting amounts in Rands and CENTS. Please note that only the amounts that directly relates to the taxable income of the trust must be reflected in this section.

The return makes provision for the declaration of the information relating to three IRP5/IT3(a) certificates. All the requested information in this section in respect of certificates received must be declared.

- If only one IRP5 or IT3(a) certificate was received only the first section must be completed. The IRP5/IT3(a) certificate number, which is located in the top left hand corner of the certificate must be filled in. If a duplicate certificate was issued the certificate will carry two certificate numbers. The number that must be filled in, is the one listed next to the original certificate number.
- The PAYE reference number is located directly below the certificate number. In the case of an IRP5 the number will always start with a "7".
- The gross income is located in the section of the certificate that deals with gross remuneration.

## FOREIGN TAX CREDITS

Here provision is also made for the declaration of Rands and cents. Please note that only the amounts that directly relates to the taxable income of the trust must be reflected in this section.

The amounts of withholding taxes in respect of foreign interest, foreign dividends, foreign capital gains and other foreign income must be declared separately to enable SARS to correctly calculate the allowable amount of credits to be considered in terms of section 6quat of the Income Tax Act.

Foreign tax credits will be limited to the South African tax payable in relation to the foreign income received by applying the following formula:

$$\frac{\text{Foreign taxable income} \times \text{Normal tax payable}}{\text{Total taxable income}}$$

## Proof of payment of foreign taxes

The under-mentioned serve as examples of proof that will be accepted as proof of payment, if requested, in respect of foreign taxes paid:

- Where foreign tax has been withheld at source – the original documentation issued by the applicable institution.
- Where foreign tax has not been withheld at source – an assessment or receipt issued by the relevant tax authority.

## Election to be taxed on net foreign dividends

If the trust elects to be taxed on the net foreign dividend the appropriate block must be marked with an "X". Please also refer to the paragraph dealing with foreign dividends in the Income Section of this guide.

## Statement of assets and liabilities

It is mandatory that the applicable line items in respect of local assets and liabilities be completed. Only the aggregate amounts in respect of the foreign assets and liabilities must be filled in. If the trust does

not have any local of foreign assets and/or liabilities a 0 must be filled in next to the line items that refer to the total amounts.

## LOCAL BUSINESS AND TRADING INCOME

Use the financial statements to complete the applicable line items in this schedule. This schedule also makes provision for the same three line items as the other income sources discussed at the beginning of the "Income received and accrued" section of this guide. The taxable income available for distribution must again be filled in, followed by the amount taxable in terms of section 7 or the amount vested in the beneficiaries and then the amount taxable in the trust and the applicable source code.

The Source Code booklet available on the SARS website [www.sars.gov.za](http://www.sars.gov.za) must be used to determine the applicable source code that must be filled in.

If no local business and trading income were received by the trust indicate the amount as 0 and fill in 2198 as the source code.

## GENERAL INFORMATION

This section must be completed by every trust. All supporting documentation relating to any of the questions in this section must be retained for a period of five years after the date of submission of the return.

The question relating to mining activities refers to schedules that must be completed and attached to the return. These schedules can be obtained on the SARS website [www.sars.gov.za](http://www.sars.gov.za).

## INCOME FROM FARMING OPERATIONS

Did the trust partake in farming partnership operations? If yes, the number of partnerships must be indicated. The IT12TR - I schedule in respect of each partnership must also be completed. The IT12TR-I Schedule can be obtained on the SARS website [www.sars.gov.za](http://www.sars.gov.za). It must be completed in respect of each partnership and the completed schedules must be attached to the return otherwise the return will be considered incomplete and returned for proper completion.

All income derived directly from pastoral, agricultural or other farming operations will constitute farming income. Income from farming activities will, besides including the ordinary farming income, also include, for example, grazing fees derived by a person who carries on farming operations, recoupment of wear and tear allowed on vehicles, implements and machinery used to carry on farming activities and subsidies received by farmers, whether in respect of farm products or capital expenditure on dams. Stakes won by a farmer as a result of racing horses bred by him/her and a fixed rental income received in respect of farming property will, for example, not constitute farming income.

To assist in the determination of the farming profit or loss of the trust the Farming section in the Comprehensive IT12C brochure, available on the SARS website [www.sars.gov.za](http://www.sars.gov.za) can be utilized. Please note that the equalized rate selection however only applies to individuals and cannot therefore be utilized for purposes of a trust.

The source code that will apply here must be obtained from the Source code Booklet available on the SARS website [www.sars.gov.za](http://www.sars.gov.za).

If no farming income was received by the trust indicate the amount as 0 and fill in 0198 as the source code.

## STANDARD CLASSIFICATION AND STANDARD VALUES OF LIVESTOCK

Deaths during the year	Standard Classification	Standard value (Rands)	Own value (Rands)	Number on hand	Total value (Rands)
	<b>CATTLE</b>	Bulls	50		
		Oxen	40		
		Cows	40		
		Tollies and heifers: 2 – 3 years	30		
		Tollies and heifers: 1 - 2 years	14		
		Calves	4		
	<b>SHEEP</b>	Wethers	6		
		Rams	6		
		Ewes	6		
		Weaned lambs	2		
	<b>GOATS</b>	Fully grown	4		
		Weaned kids	2		
	<b>HORSES</b>	Stallions, over 4 years	40		
		Mares, over 4 years	30		
		Geldings, over 3 years	30		
		Colts and fillies: 3 years	10		
		Colts and fillies: 2 years	8		
		Colts and fillies: 1 year	6		
		Foals, under 1 year	2		
	<b>DONKEYS</b>	Jacks, over 3 years	4		
		Jacks, under 3 years	2		
		Jennies, over 3 years	4		
		Jennies, under 3 years	2		
	<b>MULES</b>	4 years and over	30		
		3 years	20		
		2 years	14		
		1 year	6		
	<b>OSTRICHES</b>	Fully grown	6		
	<b>PIGS</b>	Over 6 months	12		
		Under 6 months	6		
	<b>POULTRY</b>	Over 9 months	1		
	<b>CHINCHILLAS</b>	All ages	1		

**Total value of livestock on hand.**

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### ELECTION OF LIVESTOCK VALUES

Have you already exercised the COMPULSORY election in this regard?

If "NO", complete and retain the following declaration:

I hereby elect the following classification and values and understand that my election may be varied only with the consent and approval of the Commissioner for the South African Revenue Service.

- Mark with an "X":  (a) The standard classification and standard values as fixed by the Regulations under the Income Tax Act and set out above.
- (b) The standard classification, but at my own values as detailed above.
- (c) My own classification and my own values, as per attached statement.

DATE

SIGNATURE

### HOW TO OBTAIN A RETURN IF THE TRUST DID NOT RECEIVE A RETURN

- Register on-line on [www.sarsefiling.co.za](http://www.sarsefiling.co.za) to electronically access and submit the return; or
- Download a return from the SARS website [www.sars.gov.za](http://www.sars.gov.za) by completing the following mandatory information:
  - The year of assessment (as this version of the return can also be used for the completion of returns relating to prior years of assessment);
  - The income tax reference number of the trust;
  - The date of registration at the Masters office; and
  - The name of the trust; or
- Phone the SARS Call Centre at 0860 12 12 18; or
- Approach your local SARS office.

### CHOOSE THE WAY TO SUBMIT THE RETURN

#### Electronically

Register the trust for eFiling to electronically receive, complete and submit the return

#### Post

Using the envelope provided by SARS, mail the completed and signed return to SARS. Remember NOT to include any supporting documentation.

#### Drop off

All SARS branches have drop boxes where the completed return can be deposited.