

TAX YEAR: 2021 (for period: 01/03/2020 to 28/02/2021)

Check List of documentation required (where applicable to the taxpayer)

**1. IRP5 / IT3a**

(For Salaries, Pensions, Annuities, Royalties etc).

Affidavit reflecting those periods that you were unemployed in RSA or employed outside RSA.

**2. IRP5**

IRP5's issued where you have resigned/retired from a Pension, Provident or Retirement Annuity Fund and have received a lump sum.

payment. (NB - A separate IRP5 will be issued by the administrators of the fund in question).

**3. Schedule of income earned** (where self-employed) and expenses incurred (Refer 16 & 17 below).

**4. IT3b**

Interest and dividend certificates (local and foreign). (NB - SARS can independently confirm local interest earnings and will levy penalties where interest income is not declared.) If you are married in community of property, we will also require all your spouse's certificates.

**5. IT3c**

Capital gains schedules/certificates relating to the sale of shares, fixed property etc.

**6. IT3s**

Tax-free investment certificates

**7. Trust income received** (Trust name, registration number and tax number required)

**8. Gross inheritance received** (not taxable but must be declared)

**9. Retirement Annuity Fund (RAF) contribution certificates.**

**10. Medical Aid**

(i) Medical aid tax certificate

(ii) Proof (invoice and proof of payment) of those medical expenses paid by yourself, but not claimed from a medical aid.

(iii) ITR-DD form not older than 5 years if you will be claiming for a temporary disability expenses or not older than 10 years if claiming for a permanent disability.

(iv) Dependants medical aid that you pay for - their medical aid tax certificate and at least 3 months of your bank statements from this tax year showing payment of this medical aid.

**11. Donation certificates** (Certificates must be issued in terms of Section 18A of the Income tax Act no 58 of 1962)

**12. Schedule of nights spent away from home on business** (**Only where taxable subsistence allowance has been received**). Please provide separate schedules for local and foreign nights.

**13. Schedule of Rental income and expenditure.** (Address of property, lease agreements, total rent received, bond interest statement, rates & taxes and levies, repairs & maintenance, and agents commission/admin fees). If you are married in community of property, we also require the same info for any of your spouse's rental properties.

**14. Foreign Employment**

- i. Schedule of gross foreign income and proof of tax deducted (if applicable)
- ii. Schedule of days out of RSA (and proof thereof such as passport copies) where you were absent for more than 183 days in total out of 365 days and including therein one period of 60 consecutive days absence.

**15. Motor vehicle expenses** (Please provide these details for each vehicle used)

**a) Where travel allowance received, or company car is used:**

- (i) Make and model, year of manufacture and registration number
- (ii) Date of purchase
- (iii) Purchase price
- (iv) Odometer readings at start and end of tax year or at start and end of period in use.
- (v) A logbook detailing all business trips and showing in destination, reason for trip and distance) This is mandatory.
- (vi) Purchase contract or invoice of all vehicles used

**b) Where no allowance is received but vehicle is used in the production of income:**

Note: Actual expenses incurred

- (i) Lease/hire purchase statement
- (ii) Fuel and oil
- (iii) Insurance and license
- (iv) Repairs and maintenance

**16. Expenditure incurred in the production of income** (*Sole proprietors and commission earners only*) We need a schedule summarising the expenditure incurred. (Excel template available on request) SARS has every right to ask for proof and the onus will be on you to provide this. You should keep these records for a minimum of 7 years.

IMPORTANT: See note below regarding capital gains consequences where use of primary residence is claimed.

**17. Home office expenditure** (Refer attached guidelines)

A schedule summarising the expenditure incurred is required. SARS has every right to ask for proof and the onus will be on you to provide this. You should keep these records for a minimum of 7 years. IMPORTANT: We advise that you do not claim these home office expenses if this office is in your primary residence. Such a claim will give rise to potential capital gains tax payable on sale of residence. This would not apply to properties that you rent.

## GUIDELINES for Home office expense claims for employees

Section 11 of the Income Tax Act provides for the different circumstances where deductions may be allowed for a taxpayer in determining their taxable income. The general rule in section 11(a) states that this will be limited to instances where the taxpayer is carrying on a trade. Furthermore, the expenditure in question must have been incurred in the production of that taxpayer's income. In effect, employees and those who are self-employed and generally work from home may be able to claim a deduction for related expenses to reduce their overall tax liability. Section 23(b) of the Act clarifies that the deduction claimed must be for part of the premises that is occupied and specifically equipped for the purposes of trade, and which is used regularly and exclusively for such purposes.

The minimum requirements:

- You have spent at least 6 months of the tax year working from your home office.
- You have spent more than half of your total working hours working from your home office.
- You have a letter from your employer that states that you can work from home and confirms the percentage of time you spent there.
- You have an area of your that is regularly and exclusively used" for your work. This can not be your dining room table.
- Your home office is specifically equipped with the relevant equipment needed to carry out your work;

The expenses may not have been paid for or reimbursed by your employer.

You have proof of the expenses. SARS may request the invoices and proof of payment.

The following will be required:

1. A calculation of the percentage of your home used for your home office. This is the area of your home office over the area of all buildings (including outbuildings) that make up your home.
2. The letter from your employer confirming that you work from home and confirming the percentage of time that you spent there during the 2021 tax year.
3. A schedule of the total expenses claimed. We do not need the invoices and proof of payments but these must be available if requested by SARS.

The expenses that you may claim: -

- o Bond interest /Rent

- o Rates and taxes / Water and lights / Levies
- o Cleaning
- o Telephone (land line and cell phone)
- o Internet/fibre/data
- o Stationery
- o Depreciation of equipment used and equipment repairs

Be aware of potential Capital Gains Tax implications.

If you own your home, claiming home office expenses could cost you in extra capital gains tax (CGT) when you sell. For primary residences, the first R2 million of any capital gain realised on selling is exempt. SARS will reduce this exemption taking into account the proportion of the home claimed as a home office and the period used as a home office.