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With Compliments

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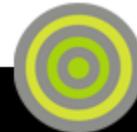
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In this Issue

The New Transfer Duty Rates: Will You Pay Less, Or More?

- *The new rates*
- *To illustrate*

Employers: Is "Team Misconduct" Grounds For Dismissal?

- *Fast food filching – a team effort*
- *The law and collective liability*

Drowning in Old Debt? Check For This Defence

- *Creditors: Don't delay!*

April 2015

THE NEW TRANSFER DUTY RATES: WILL YOU PAY LESS, OR MORE?



In a nutshell, the transfer duty tax breaks announced in Budget 2015 will **reduce** costs for most middle-income households but will **increase** costs of property transactions above about R2,65m (with maximum savings at about the R2m to R2,3m level).

Remember that no transfer duty is payable when VAT applies to a sale.

The new rates

The new exemption level, brackets and transfer duty rates are -

1 May And The New BBBEE Codes – What You Should Do Now

- The new thresholds

Exchange Controls - Easing Up

The New 2015/16 Tax Tables

Entrepreneurs – You Have Until 2 April To Help Drive SME-Friendly Reform!

- Do it Now!

The April Website: Direct Marketers Hassling You? Here's How To Opt-Out

Transfer Duty Rates For Property Sales Concluded On Or After 1 March 2015	
Property Value	Transfer Duty Payable
R0 - R750,000	0
R750,001 - R1,250,000	3%
R1,250,001 - R1,750,000	R15,000 + 6%
R1,750,001 - R2,250,000	R45,000 + 8%
R2,250,001 and above	R85,000 + 11%

To illustrate

Savings or Extra Transfer Duty Payable			
Property Value	Transfer Duty Payable		Savings or Extra Duty Payable
	Old	New	
R750,000	R4,500	R0	Savings
R1,000,000	R12,000	R7,500	
R1,500,000	R37,000	R30,000	
R2,000,000	R77,000	R65,000	
R2,300,000	R101,000	R90,500	
R2,500,000	R117,000	R112,500	
R3,000,000	R157,000	R167,500	Extra Payments
R3,500,000	R197,000	R222,500	
R4,000,000	R237,000	R277,500	
R4,500,000	R277,000	R332,500	
R5,000,000	R317,000	R387,500	
R10,000,000	R717,000	R937,500	

(If the tables above do not display correctly, please see the "online version" – link above the compliments slip)

EMPLOYERS: IS "TEAM MISCONDUCT" GROUNDS FOR DISMISSAL?



Here's an unhappy scenario for any employer –

- You are losing a fortune in stock shrinkage,
- You can prove that the losses stem from theft by a particular group of employees,
- But you cannot prove that each member of the group is individually responsible.

What can you do?

A recent Labour Court case illustrates.

Fast food filching – a team effort

1. A fast food outlet was suffering large (up to R120,000 per month) stock losses, always when one particular shift, comprising cooks, “expeditors” and cashiers, was on duty.
2. Security and stock handling measures failed to stem the losses.
3. Several warnings were issued to staff. They were told that they had a duty to report theft, that the stock shrinkage was “intolerable”, that there was a “zero tolerance” policy to theft and that disciplinary action would be taken if the losses continued. These warnings bore no fruit.
4. Disciplinary enquiries were held and the whole team - all 11 members of the shift - was dismissed for theft.
5. The thefts stopped immediately.
6. The dismissed employees took the matter to the CCMA where an arbitrator, finding the dismissals to have been unfair, awarded 6 months’ compensation to each of them.
7. On review, the Labour Court set aside this ruling and held the dismissals to have been substantively fair.

The law and collective liability

This was, held the Court, a case of “team misconduct”, and accordingly “there is no need to prove individual guilt. It is sufficient that the employee is a member of the team, a team the members of which have individually failed to ensure that the team meets its obligations, in our given case, to ensure that there is no stock loss.”

Note that similar principles apply to cases of “collective misconduct”, “derivative misconduct” and “common cause purpose” – but as always, our labour laws being as complex as they are, and with substantial penalties awaiting the unwary employer, it is always worth taking full advice on your particular circumstances.

DROWNING IN OLD DEBT? CHECK FOR THIS DEFENCE



If you are being chased for an old debt which you just cannot pay, consider whether it may have “prescribed” – if so, the debt is extinguished and you cannot be forced to pay.

Most debts prescribe after 3 years (up to 30 years for some debts such as judgments, tax debts and mortgage bonds) unless interrupted in some way - usually if you acknowledge liability for the debt or make a payment

against it, or if summons is served on you.

Critically however, until now it has been up to you to raise the defence of prescription – there has been nothing stopping your creditor (or a debt collector to whom your debt has been sold) from chasing you for prescribed debt and hoping that you don’t know enough about the law of prescription to raise the defence.

Now an amendment to the NCA (National Credit Act) specifically prohibits anyone from selling, continuing the collection of, or re-activating any prescribed debt to which the NCA applies (it applies to most common credit agreements – take advice if you aren’t sure whether you are covered).

In other words, where the NCA applies, your prescribed debt can neither be sold to a debt collector, nor enforced by either the creditor or the debt collector.

Creditors: Don’t delay!

Of course this new law serves as a reminder to all creditors (and debt collectors) to take enforcement action against debtors without delay. In particular don't leave issuing summons until the last minute – you have to actually serve the summons on the debtor before the 3 year period expires.

1 MAY AND THE NEW BBBEE CODES – WHAT YOU SHOULD DO NOW



The new BBBEE Codes of Good Practice are due to come into effect on 1 May. There has (at date of writing) been much speculation around whether or not this will happen, or whether the transitional period for implementation will be extended at the last minute.

Regardless, every South African business should consider now whether or not it should renew its verification under the existing codes whilst it still can.

Some experts are suggesting that many “measured entities” stand to drop down two levels under the new codes, and that a renewal before 30 April will at least ensure retention of your existing level for a year. There is a lot at stake here so take advice on whether or not this is applicable to you.

The new thresholds

Remember that the generic turnover thresholds (not currently applicable to certain sector codes) have been increased as follows -

- **Exempt micro-enterprises (EMEs):** The annual turnover threshold for EMEs has doubled to **R10m** from R5m. If you qualify (to be confirmed annually by an affidavit as to both annual total revenue and level of black ownership), you are deemed to be a Level 4 contributor (100% recognition level). You will go up to Level 1 (the highest level) if you are 100% black owned, and to Level 2 if you are 51% black owned.
- **Qualifying Small Enterprises (QSEs):** The threshold for QSEs has been increased to **R50m** from R35m.
- **Large Enterprises:** Over R50m you are a “Large Enterprise”.

EXCHANGE CONTROLS - EASING UP



The media has highlighted the increases, announced in the 2015 Budget Speech, in social grants, benefits for micro businesses, income tax (see “The New Tax Tables” below), “sin taxes”, fuel and Road Accident Fund levies etc.

But there has been less attention paid to the proposed relaxation in exchange controls for South African residents, effective 1 April. They are significant –

- The annual or emigration “foreign capital allowance” more than doubles from R4m to R10m (R20m per family unit).
- The annual “single discretionary allowance” of R1m, which is additional to the R10m foreign capital allowance, may now be used for any legal purpose abroad (rather than the previous system of sub-categories of use).
- The dispensation for credit card usage, currently limited to individuals, will be extended to corporates.
- Authorised dealers may now process corporate investment up to R1 billion per year (doubled from R500 million), as well as the carrying forward of any unused allowance.

THE NEW 2015/16 TAX TABLES

Taxable Income	Tax Rates
R0 - R181,900	18% of taxable income
R181,901 - R284,100	R32,742 + 26% of the amount above R181,900
R284,101 - R393,200	R59,314 + 31% of the amount above R284,100
R393,201 - R550,100	R93,135 + 36% of the amount above R393,200
R550,101 - R701,300	R149,619 + 39% of the amount above R550,100
R701,301 and above	R208,587 + 41% of the amount above R701,300

NOTES	2015/16	CHANGES FROM LAST YEAR
Rebates		
Persons under 65	R13,257	Increased by R531
Secondary (Persons 65 to under 75)	R20,664	Increased by R828
Tertiary (Persons 75 and older)	R23,130	Increased by R927
Tax Thresholds		
Persons under 65	R73,650	Increased by R2,950
Secondary (Persons 65 to under 75)	R114,800	Increased by R4,600
Tertiary (Persons 75 and older)	R128,500	Increased by R5,150
Interest Exemption		
Persons under 65	R23,800	No change
Persons 65 and older	R34,500	No change
Dividends		
Taxed at 15%	No change	No change
Medical Aid Tax Credits per beneficiary		
First two beneficiaries	R270 p.m. each	Increased R13
Third and more	R181 p.m. each	Increased R9
Business Travel - Tax free		
Up to 8,000 kilometres per annum	R3.18 per km	Decreased by 12 cents per km
Travel Allowance		
Travel allowance still taxable at 80%	No change	No change
<i>Logbook compulsory</i>		
Other Taxes		
Capital Gains Tax - Individuals/Special Trusts	13.65% maximum	Slight increase - 0.32%
Capital Gains Tax - Companies	18.6%	No change
Capital Gains Tax - Other Trusts	27.31%	Slight increase - 0.65%
Fuel Levy*		Increases by 30.5 cents a litre
Cigarettes		Increases by 82 cents a packet
Wine (Unfortified)		Increases by 15 cents a bottle
Spirits		Increases by R3.77 a bottle
Beer		Increases by 7 cents a 340 ml bottle
Road Accident Fund (RAF)*		Increases by 50 cents a litre
* = Total increase in fuel price is 80.5 cents per litre from April		

QUALIFYING SMALL BUSINESS CORPORATIONS - NEW TAX TABLE		
Taxable Income	New SBC Tax Rates	Change vs Prior Year
R0 - R73,650	Nil	Band raised by R3,650
R73,651 - R365,000	7% of taxable income over R73,650	Band unchanged
R365,001 - R550,000	R20,395 + 21% over R365,000	Band unchanged
R550,001 and above	R59,245 + 28% over R550,000	Band unchanged

Note: Benefits to taxpayers are marginal, and restrictions apply

TURNOVER TAX FOR MICRO BUSINESSES		
Taxable Turnover	New SBC Tax Rates	Change vs Prior Year
R0 - R335,000	Nil	Band raised by R185,000
R335,001 - R500,000	1% of taxable turnover over R335,000	Band raised by R200,000
R500,001 - R750,000	R1,650 + 2% over R500,000	Tax rate decreased by 2%
Over R750,000	R6,650 + 3% over R750,000	Tax rate decreased by 3%

Note: This is a substantial benefit for micro businesses

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ENTREPRENEURS – YOU HAVE UNTIL 2 APRIL TO HELP DRIVE SME-FRIENDLY REFORM!



“We must strive to build a nation of entrepreneurs and not a nation of job seekers” (Lindiwe Zulu, Small Business Development Minister)

Are you an SME hamstrung by government red tape, insufficient tax incentives and general lack of support for entrepreneurial businesses?

If so, here’s something you can do about it.

SAICA (the South African Institute of Chartered Accountants) reports several successes in influencing government’s SME policies following its 2014 survey and it has now commissioned a new 2015 survey to explore other challenges that SMEs have, and to establish what government and big business can do to improve the likelihood of SMEs contributing to growth and to higher levels of employment.

All you need is 20 minutes to complete the new survey at <https://www.surveymonkey.com/r/SMERERESEARCH2015>.

Do it Now!

The closing date for the survey is 2 April.

THE APRIL WEBSITE: DIRECT MARKETERS HASSLING YOU? HERE’S HOW TO OPT-OUT



If you are inundated with unwanted direct marketing phone calls, SMSes, spam emails and junk mail, you can either contact each sender directly to request removal from their database, or you can save yourself a lot of time and trouble with a once-off registration on the DMA (Direct Marketing Association of South Africa) website at <https://www.nationaloptout.co.za/>.

Your details will be added to their National Opt-Out Database to ensure that you are no longer hassled by members of the DMA.

The process is flexible – if you don’t want to do a global opt-out you can choose specific opt-out times, channels and industries.

Have a Great April!

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