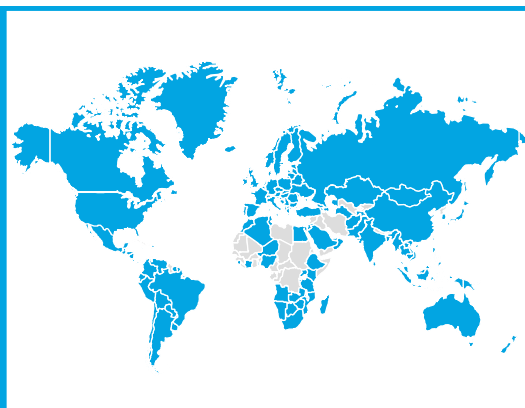


# INPATRIATES

## South Africa

### Tax facts for International Assignees



#### INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual is liable to pay income tax if he/she earns more than R 87,300 in the 2021/2022 year of assessment and is younger than 65 years of age. If the individual is 65 years of age or older, the tax threshold (i.e. the amount above which income tax becomes payable) increases to R 135,150. For taxpayers aged 75 years and older, this threshold is R 151,100.

The tax rates applicable are determined annually by Parliament and are generally referred to as “marginal rates of tax” or “statutory rates”. The tax rates levied on an individual is set out on a sliding scale which results in the tax increasing as taxable income increases. Every year, the Minister of Finance announces the rates to be levied by publishing the applicable tax tables during the annual budget speech.

In principle, the first step in determining the normal tax liability of any natural person in South Africa is to establish whether or not that natural person is a “resident” as defined in section 1 of the Income Tax Act.

Two separate tests are applicable to determine whether or not a natural person is a resident, namely:

- The ordinarily resident test and
- The physical presence test

South Africa (SA) tax residents are taxed on their worldwide income irrespective of where their income was earned, while non-residents for tax purposes in SA are only taxable on income that is of a SA source.

The ordinarily resident test is usually the first test to determine whether the individual is a resident of SA. The main aspect in this regard is to determine if his or her permanent home (to where he or she will normally return) is in SA and whether his/her intention is to permanently remain in SA. If so, he/she will be regarded as a resident for tax purposes.

The physical presence test is time-based and is only applicable to an individual who has not been considered ordinarily resident in South Africa during that relevant tax year.

The test consists of three requirements - the individual must be physically present in SA for a period of periods exceeding:

- 91 days in aggregate during the relevant tax year under consideration ;
- 91 days in aggregate during each of the five tax years preceding such tax year under consideration; and
- 915 days in aggregate during those five preceding tax years.

In terms of this test, the individual, who is not ordinarily resident in SA, only becomes a resident for normal tax purposes in the 6<sup>th</sup> tax year in SA if they are physically present in SA for the periods mentioned above.

A foreigner who became a resident as a result of the physical presence test and who is absent from South Africa for a continuous period of at least 330 full days after the day on which he or she ceased to be physically present in South Africa, will be deemed to be a non-resident as of the day on which he/she ceased to be physically present in South Africa (the day following the day on which he or she left South Africa).

#### REGISTRATION/FORMALITIES

A person who becomes liable for income tax must register as a taxpayer at SARS within 60 days after becoming liable for tax. The tax season for the submission of income tax returns (ITR12) for the 2021/2022 year of assessment was open on 1 July 2022. The deadline dates for the submission of ITR12 returns is 24 October 2022 (for both manual submission and electronic submission via e-filing).

## INCOME TAX THRESHOLDS FOR TAX YEAR 2021/2022

Age	Amounts
Under 65	R 87,300
Over 65	R 135,150
75 and older	R 151,100

## INCOME TAX RATES FOR TAX YEAR 2021/2022

Taxable income in R	Rate of Tax
0 - 216,200	18% of taxable income
216,201 - 337,800	38,916 + 26% of the amount above 216,200
337,801 - 467,500	70,532 + 31% of the amount above 337,800
467,501 - 613,600	110,739 + 36% of the amount above 467,500
613,601 - 782,200	163,335 + 39% of the amount above 613,600
782,201 - 1,656,600	229,089 + 41% of the amount above 782,200
1,656,601 and above	587,593 + 45% of the amount above 1,656,600

## SOCIAL TAX RATES

South Africa does not have a social security system as such. Similar levies, however, do apply, such as:

- Unemployment insurance fund contributions (1 percent for the employer, 1 percent for the employee).
- Skills development levies (1 percent of “remuneration” for the employer).
- Workers’ compensation levies (rate varies by industry).

Please note that certain of these contributions do not apply to expatriates in specific instances.

**For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)**

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