

AMNESTY RELIEF EXTENDED!

30 June 2007 is the new amnesty deadline! The Minister of Finance, Mr Trevor Manuel, has extended the amnesty period. In addition, the South African Revenue Services ("**SARS**") will allow applicants to submit all documents supporting their amnesty applications until 31 August 2007.

Qualifying small businesses that have missed the initial amnesty deadline, 31 May 2007, should seriously consider applying for amnesty. The benefits of being granted amnesty for a small business are phenomenal. Firstly, it is a guarantee that SARS will not hold the business liable for unpaid or undeclared income tax, employees' tax, value-added tax, withholding tax on royalties, secondary tax on companies, unemployment insurance contributions, skills development levies and any penalties and interest for the tax years prior to 2006. Secondly, it protects a small business from criminal prosecution where SARS believe there was an element of tax fraud in those prior tax years. Thirdly, it gives the business a clean slate for tax purposes.

Qualifying small businesses are those with a gross turnover of less than R10 million for the 2006 tax year and it includes a sole proprietorship.

Where the small business is a company or close corporation, all its shareholders or members must be natural persons.

In addition, the amnesty is wider than most businesses realise, in that it also extends to those businesses that ceased trading before the 2006 tax year. In such instances amnesty will be granted at no cost, as the amnesty levy will be nil.

Furthermore, regulation R361 allows SARS to write off "tax debts" up to R1 million where small businesses were excluded from amnesty because assessments were issued or by reason of correspondence with SARS disallowing the business from applying for amnesty.

For assistance with amnesty applications, contact Madeleine Schubert on 031 302 0443.

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