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YOU WILL RETIRE, SO GET READY NOW!

Benjamin Franklin once said the only certainties in life are death and taxes. To that you can add retirement (assuming the Grim Reaper doesn't interfere earlier). **Yet research shows that no more than 10% of us can retire comfortably.**



What to do in 7 steps

1. **Get rid of your debt.** Remember interest on your debt compounds and you don't want to divert your retirement income to paying off debt. Also if you are married in community of property or your heirs have signed as surety or guarantor, they will be responsible for your debt after your death.

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The only exception to getting rid of your debt would be if the income and dividends you receive exceed the cost of your debt. Whilst this may hold now, you should ascertain that this will continue into the future.

2. **Save!** As with the cost of debt compounding, so amounts put into retirement funding will also compound and realise more income on your retirement. Don't forget there are generous tax incentives to help grow your retirement funding – you are allowed to deduct 27.5% of your retirement funding from your taxable income. Ask your accountant to help you find the most tax-efficient method.

Saving is a mentality. Once you get the habit it can be amazing how much you can save. So save now.

3. **Limit withdrawals.** Be extremely prudent when you have to withdraw any savings – weigh up the cost to your retirement and only take out the minimum you require.
4. **Rainy days.** No one goes through life without some form of crisis. We live in an age of uncertainty. Put aside funds for this as you don't want to eat into your retirement funding to cover a crisis.

In the unlikely event, you don't ever need to use this rainy day money, it will add to your retirement savings and improve the quality of your retirement. For example, you could even retire earlier.

5. **Keep retirement top of mind.** It pays to constantly review your retirement funding, particularly when important events happen such as a decision to take on a new job or make a major investment.
6. **Plan and remain flexible.** Be prepared to react if obstacles to your retirement arise. If, for example, the value of your investment portfolio declines and you discover you won't have enough to retire comfortably, find out if you can work say one or two days a week on contract at your firm. Otherwise, see if you can land a part-time contract at another business.
7. **When is enough actually enough?** Many people have doubts as to whether they have enough to retire and delay their retirement. You need to be disciplined about this – if you and your retirement adviser have set targets for retirement, stick to them unless unplanned events make it impossible to achieve your target.

This is a dynamic process and things can change quickly, so always keep this high on your agenda.

Don't be one of the 90% - take steps to be part of the 10% who save enough to enjoy a stress-free retirement.

ARE YOU BATTLING TO GET A TAX REFUND? TAX OMBUD TO INVESTIGATE SARS SYSTEMS

Two months ago we wrote about how the Tax Ombud was now more independent of SARS and it hasn't taken the Ombud long to flex these powers.

Over half of complaints received by the Ombud relate to the long time taken to get refunds to taxpayers. This relates to both Income Tax and VAT.



The Ombud may launch investigations if systemic problems manifest themselves and the Ombud will probe whether the slowness of refund is a systemic issue. The

Minister of Finance has given the Ombud permission to proceed with the investigation.

What SARS says

SARS has welcomed the investigation and is confident of its systems, commenting: “Due to an increase in fraud, SARS has had to react by tightening up our Risk Rules. Despite such actions SARS has only referred 11% of cases for detailed audit. Regarding Personal Income Tax payments of 98.2% is paid within (72 hours).”

The problem is that the large refunds are generally in the 11% and 1.8% statistics quoted by SARS, and as small businesses are cash flow dependent, holding these back can threaten their solvency.

So that’s all cold comfort to honest taxpayers made to wait for refunds genuinely due to them, and we can only hope that the Ombud’s intervention is successful in reducing the delays.

We should also remember that SARS will be R30 billion short in its revenue collections for the 2016/2017 year. The Minister of Finance has expressed concerns as the shortfall reverses the trend of SARS achieving or overachieving its collection targets since 2009.

HOW FLATTERY AND PEER PRESSURE CAN REALLY HELP YOUR BUSINESS

Imagine you get an email from a charity asking you to participate in an event 60 kilometres away on Saturday. The email details how much good it does for the environment and long before the end of the email, your eyes have glazed over. On Saturdays you love having a braai and watching rugby with friends. “Sorry” you reply “I’m going away for the weekend”.



However, if the email had said that as “a highly regarded person”, your participation in the event would bring much needed extra funding to the NGO, you would definitely be interested. You would probably say, you would love to attend but you have commitments this weekend and the trip to Paarl is too far and will eat into these commitments.

“That’s no problem” quickly comes back into your inbox “I will personally collect you and we can listen to the rugby on the car radio. Your colleague Bob made quite an impression last year and we thought you would be better.”

You really admire Bob and against your better judgment you accept the engagement.

Why did you say “Yes”?

Firstly, **flattery works**. If you want to get someone to do something flatter them, particularly if they don’t want to do it. Think how powerful an asset this is in the workplace. One of the key arts of management is to get people to accomplish tasks they don’t want to do and to keep them cooperative.

Another potent weapon is “**social proof**” or **peer pressure**. You agreed to go to

Paarl after it was pointed out how good Bob was last year. A few years ago, research was done on this and hotel guests were divided into two groups – one group was told that reusing towels in their hotel bathrooms would have a positive effect on the environment. The other group were told that most other hotel guests reused their towels. People reacted far more positively when told other guests reused their towels and they began to reuse theirs.

Most people think (and say) they aren't swayed by other people's behaviour but in fact they are, particularly when these people are from a similar social group.

So how can you use this in business?

Getting endorsements from customers and sharing this with potential or existing customers is a good example of improving your sales and profit line. Another way is to invite businesses you are cultivating to meet customers who view you favourably. This interaction can sway prospective customers to become actual customers. Have a dinner where current customers sit next to people who you want to do business with.

Throw in a bit of flattery and look forward to increased sales!

IT'S COIDA TIME AGAIN!

The Compensation for Occupational Injuries and Diseases Act (COIDA) is a statutory insurance policy for your employees and pays them compensation if they are killed, injured, disabled or contract an occupational disease or illness whilst at work.



Employers are required to submit an annual return which is due on 31 May this year.

The return can be done online and is relatively simple to do. Neither is it expensive.

Administration

There is quite a bit of administration to do if one of your workers is, say, injured. Make sure you have a designated person who can do this.

Employee definition is wide

Temporary and casual workers are covered as are trainees.

Involve your staff

Your staff does not contribute to the fund but they stand to get benefits from it. Get them involved in helping make the workplace safer and less prone to disease. It will help foster team spirit and a sense of belonging in the organisation.

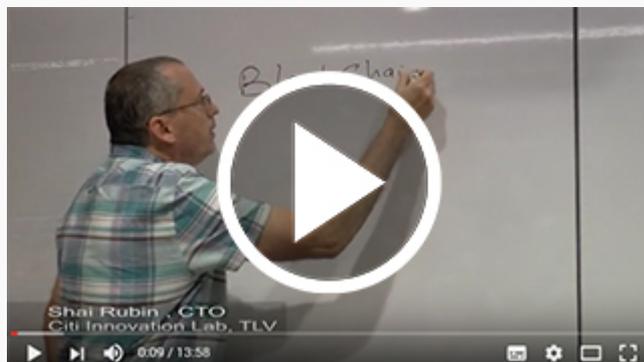
Finally, not complying with this Act means you cannot get a letter of good standing which means you will not be allowed to bid for tenders. Penalties can also be levied for non-compliance.

BLOCKCHAIN TECHNOLOGY IS COMING - COULD YOUR BUSINESS USE IT?

Blockchain offers exciting possibilities of what new technology can achieve.

What is blockchain?

It is a transparent, secure and tamper-proof method of storing data. It can also be updated as new transactions are added. Bitcoin has become the most recognised user of blockchain. For a fuller explanation of the concept watch the video below:-



Why is blockchain technology so powerful?

Think how many people in Africa send remittances back to their families in different countries or the complications of importing and paying for goods. In these types of transactions banks play an intermediary role as the various parties need certainty that the transactions will be completed on an arm's length basis.

Blockchain takes out the necessity of having a third party intermediary as it allows the two parties to interact and deal directly with each other. This will make these transactions less administratively burdensome, much faster and cheaper. With the blockchain, you will be able to view all transactions and the cryptography used makes them accurate and valid.

Large banks are now racing against each other to be the first to make the blockchain work for their clients – Standard Bank is testing the technology. Shipping companies are also designing blockchain technology and the venture capital market is awash with start-ups specialising in blockchain technology.

We often read of how behind Africa is in technology. But also think how parts of Africa have used technology to close this gap – the use of cell phones in East Africa to do online banking is an example. Embracing blockchain could help us to further “leap-frog” into becoming more globally competitive.

Think about whether there are any creative ways your business might be able to use it.

YOUR TAX DEADLINES FOR APRIL

There are only the usual deadlines for April but employee tax season has opened and your EMP501 is due by the end of May.



Don't delay, this is quite a process and you should give yourself time to sort any issues out, and if necessary to ask your accountant for help, well before the deadline.

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