

*South African Payroll Association  
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## **The new threshold for income tax returns**

### ***The increase in the tax return threshold***

On the 6<sup>th</sup> of June this year, the head of SARS, Edward Kieswetter, announced that the threshold for submission of tax returns has been increased from R350 000 to R500 000. This means that if you earned less than R500 000 in the 2019 tax year, you do not have to file a tax return. This is however subject to certain conditions.

### ***What is important to know about the tax return threshold***

It seems that there is a lot of confusion under taxpayers about the tax return threshold. “Some taxpayers are under the wrong impression that if they earn less than R500 000, they don’t have to pay tax”, says Jetro Malapane, Executive Committee member of the South African Payroll Association. There is however a difference between the tax threshold and the tax return submission threshold. The tax threshold means that if you earn less than the tax threshold amount, you won’t have to pay tax. This amount for the 2019 tax year was R78 150.

### ***Conditions under which you still need to file a tax return***

- If you were not employed for the full tax year.
- If you received income from more than one employer or source during the tax year.
- If you contributed to a registered medical scheme.
- If you contributed to a retirement annuity.
- If you received a travel allowance or use of a company car.

“It is important that taxpayers understand the conditions under which they still need to file tax returns, and if they are unsure about any of the conditions, it is always safer to just submit your return” says Jetro Malapane.

### ***The importance of keeping your tax affairs up to date***

It is of great importance that taxpayers keep their tax affairs up to date, even if they don’t have to file a return. Although SARS keeps track of which taxpayers don’t have to submit their returns, mistakes can still be made, so even if you do not submit, make sure you keep all your records just in case.

Outstanding tax returns can have a negative impact in the following cases:

When selling a property, SARS will verify whether your tax obligations have been met. If this is not the case, the process can be delayed significantly, and SARS can also recoup your outstanding debt from the proceeds of the sale.

Your tax affairs must also be up to date if you are planning on financial emigration. You need a financial emigration tax clearance certificate from SARS before you can receive clearance from the Reserve Bank to move your retirement annuities or other funds out of the country.

***Important dates to remember***

Tax season for taxpayers using e-filing opened on the 1<sup>st</sup> of July and will close on the 4<sup>th</sup> of December. For taxpayers filing their returns at branches, it opens on the 1<sup>st</sup> of August and closed on the 31<sup>st</sup> of October.

Taxpayers should make sure that they keep to the deadlines, or they could face penalties and interest.

**ENDS**

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