A Guide to the Declaration of Dividends Tax via eFiling

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1. INTRODUCTION

In 2007, the Minister of Finance announced that Secondary Tax on Companies (STC) would be replaced by Dividends Tax. Since the announcement, legislation has been enacted annually to provide a legislative foundation for the implementation of Dividends Tax (refer to sections 64D to 64N of the Income Tax Act, 1962 as amended in this regard.

Dividends Tax legislation has now principally been finalised as per the latest amendments to the Taxation Laws Amendment Act, No 24 of 2011, promulgated on 10 January 2012. The implementation date of 1 April 2012 was announced in the annual budget speech and has been published in the Government Gazette dated 20 December 2011.

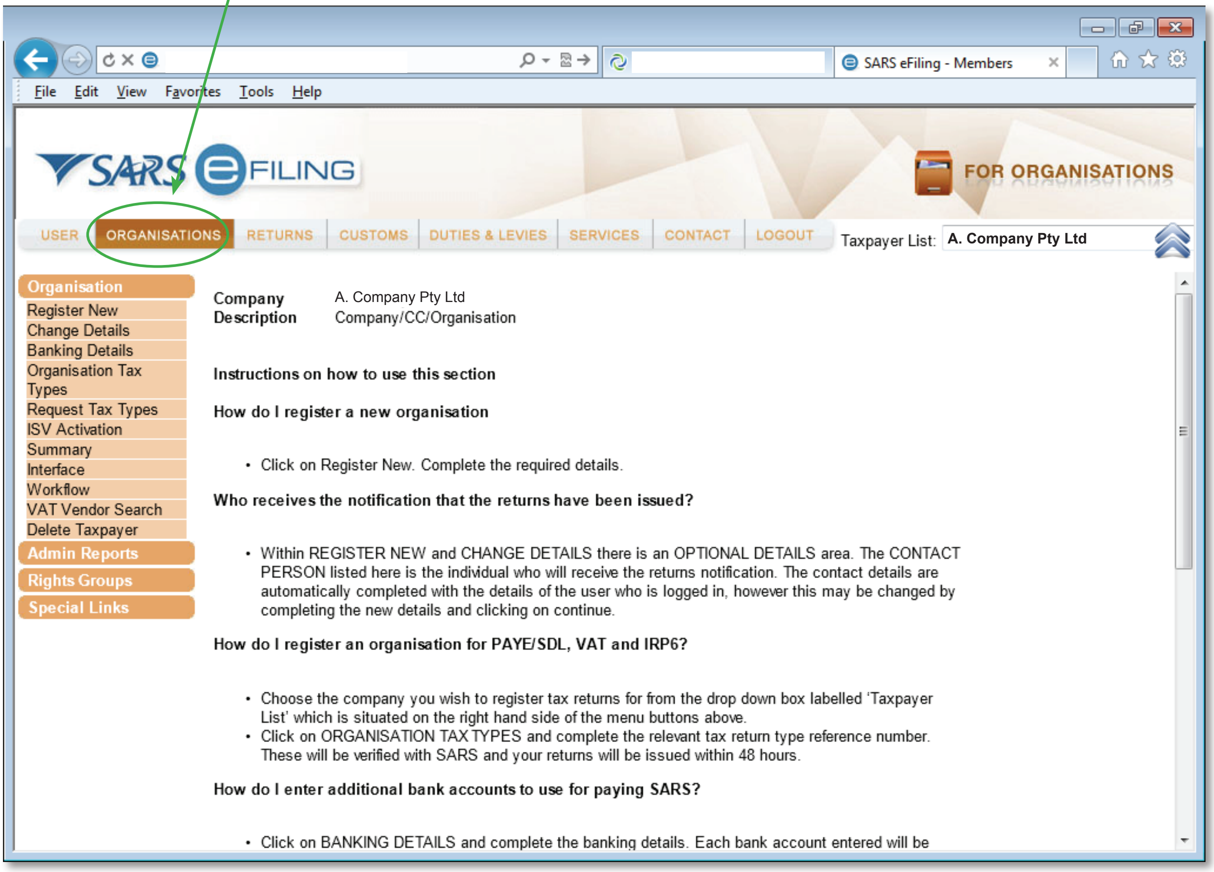
The Dividends Tax operates from the principle that the liability for Dividends Tax is triggered by the payment of the dividend and it falls on the recipient (i.e. beneficial owner) to pay the tax to SARS. However, Dividends Tax is administered on the basis of withholding the applicable percentage of tax from the dividend payment by either the company declaring the dividend or, where relevant, certain withholding agents (i.e. regulated intermediaries).

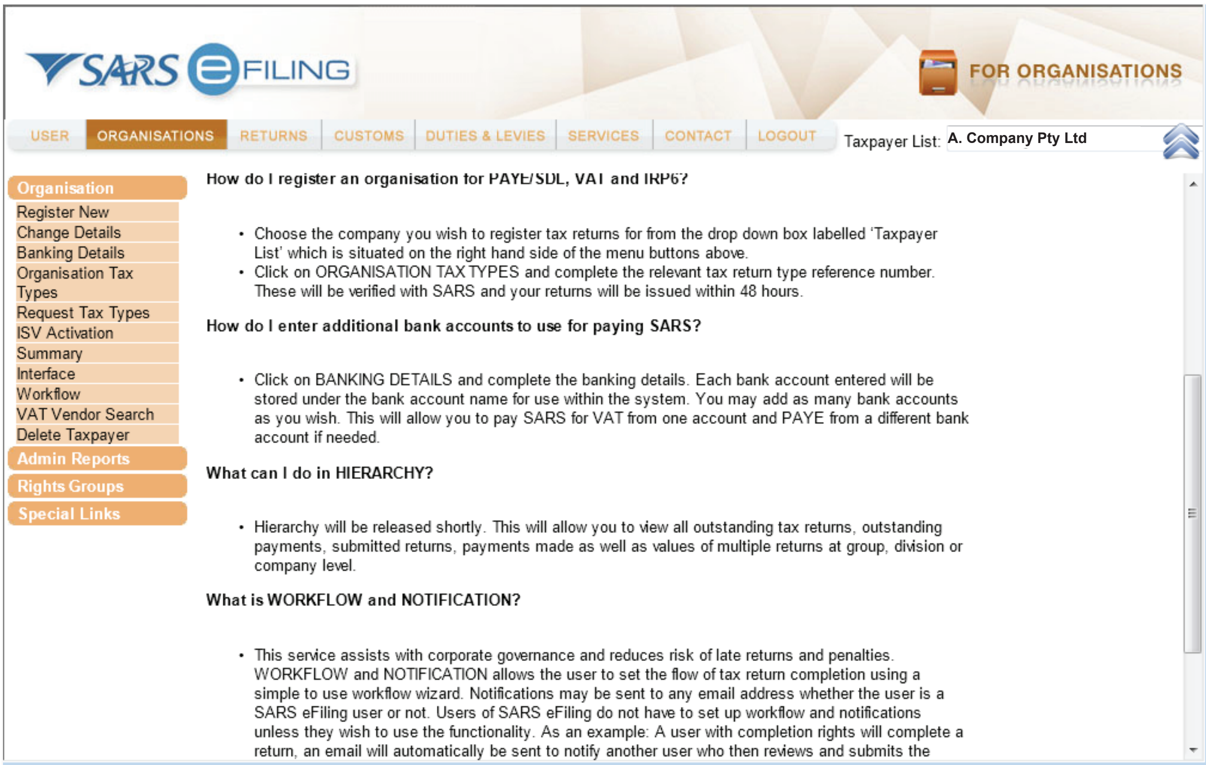
Dividends Tax replaced Secondary Tax on Companies (STC) on 01 April 2012. The last STC dividend cycle ended on 31 March 2012 and any STC credit as the result of the last cycle will be carried forward to be utilised against Dividends Tax liability.

A prescribed Dividends Tax return must be submitted to SARS by each entity that manages dividends, accounting for the payment/withholding of dividends to beneficial owners and/or the pass through of dividends to regulated intermediaries for further distribution. The return summarises the management (receipt/ declaration of dividends and the distribution of the dividends received/declared) of dividends by the entity and must be accompanied by supporting data underpinning the consolidated view of the return

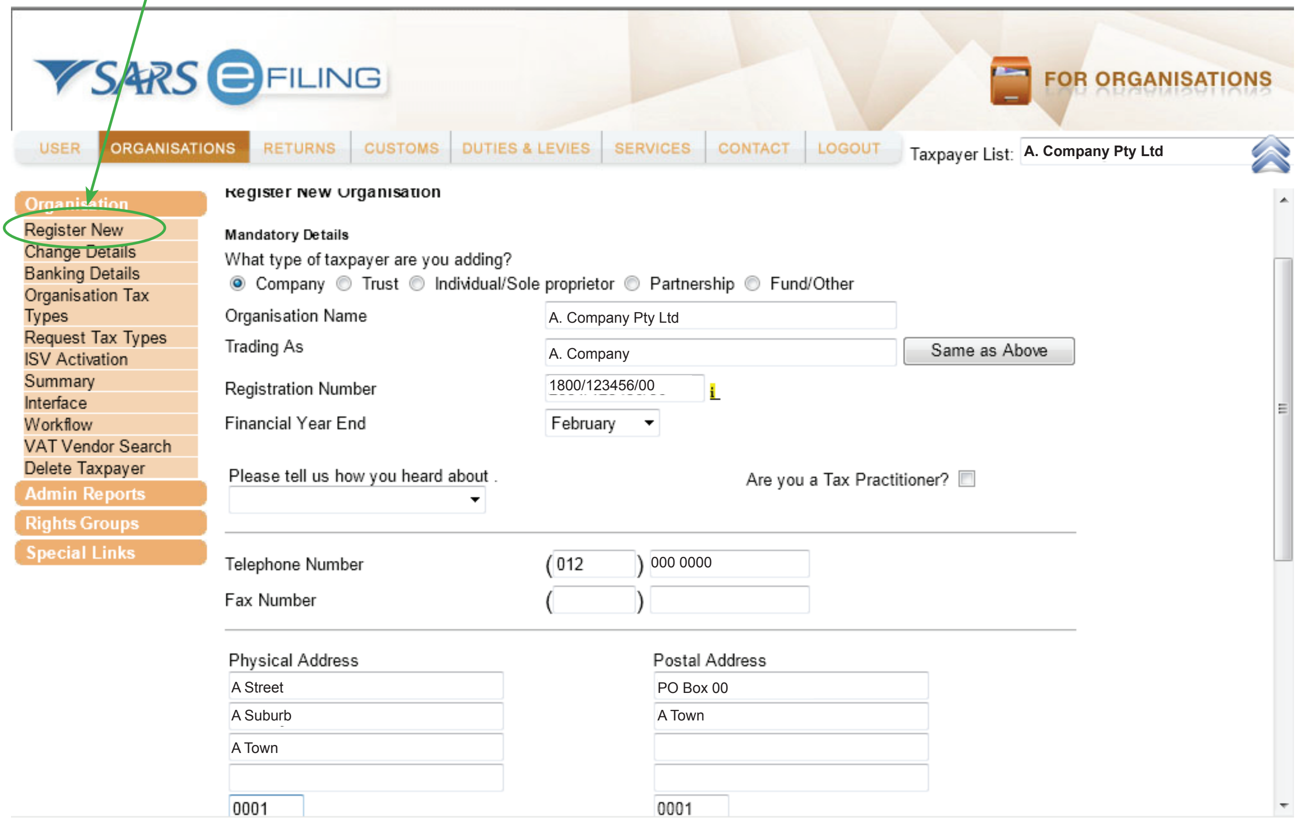
2. HOW TO REGISTER

Select **'organisations'**

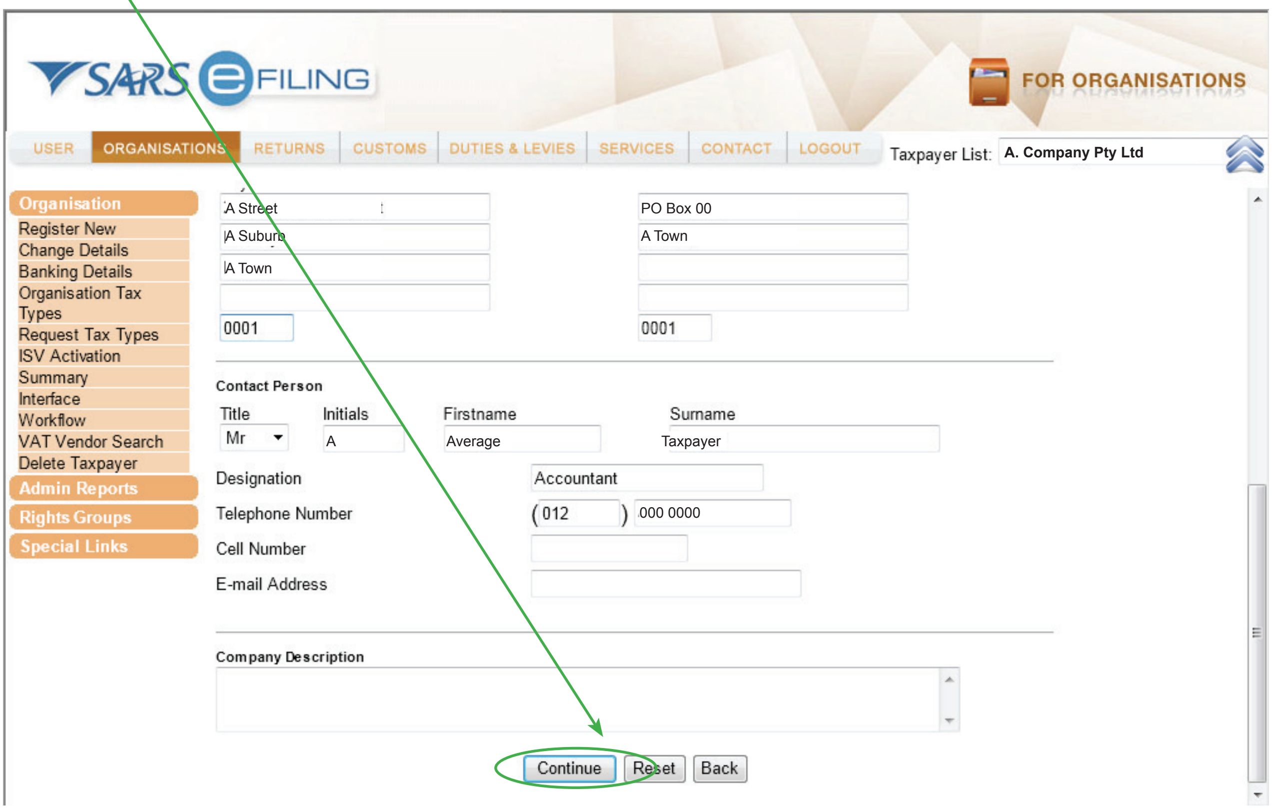




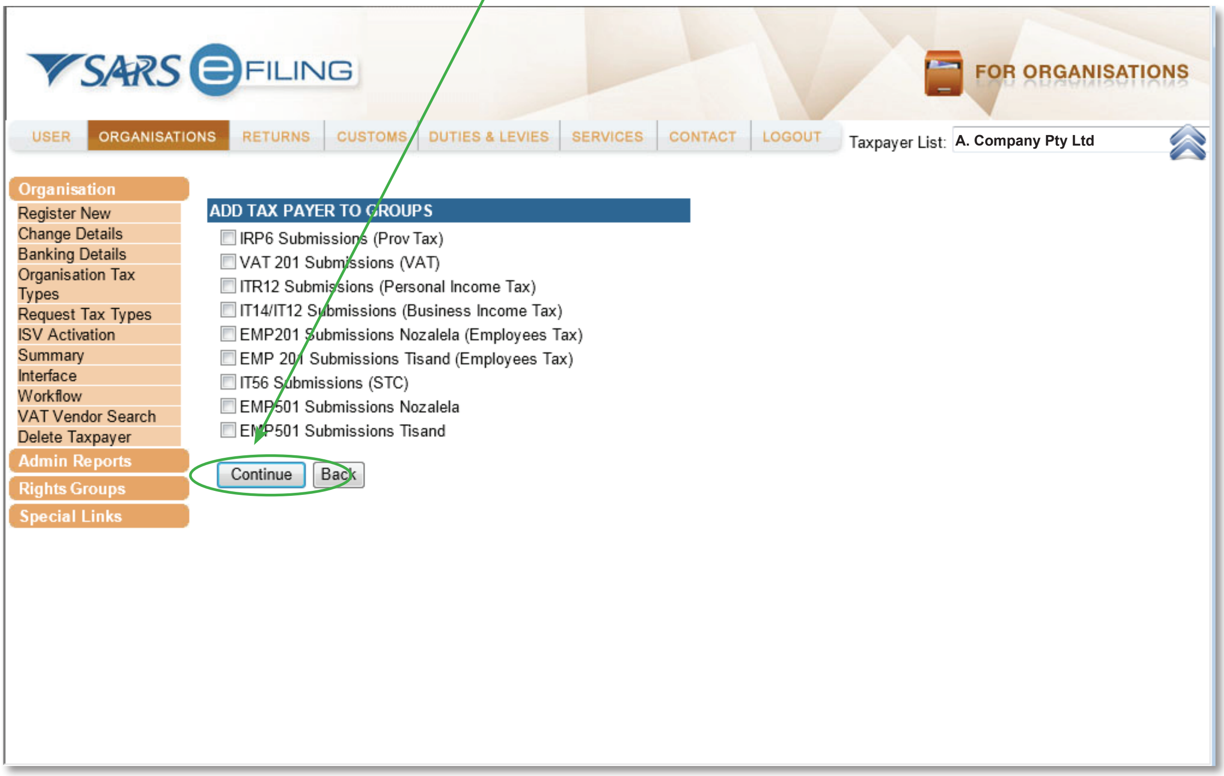
Click **'Register New'** and follow the instructions to complete the required details.



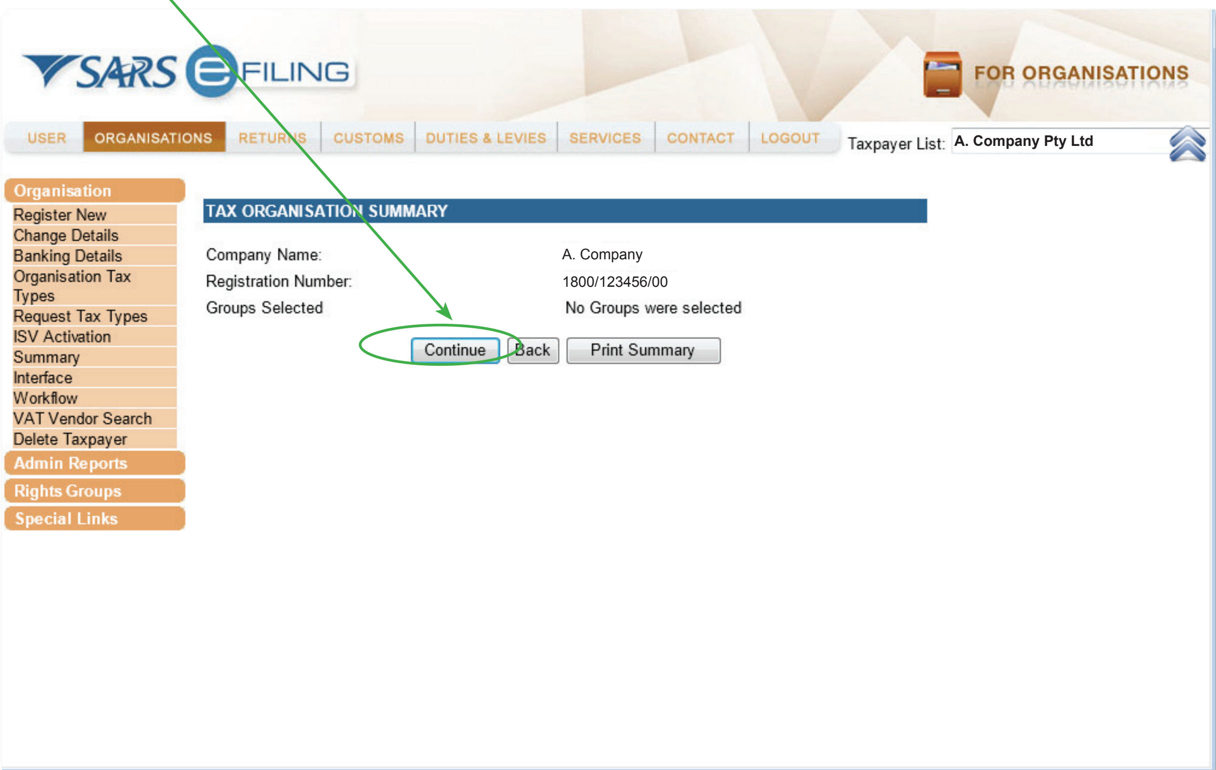
Click **'Continue'** to proceed



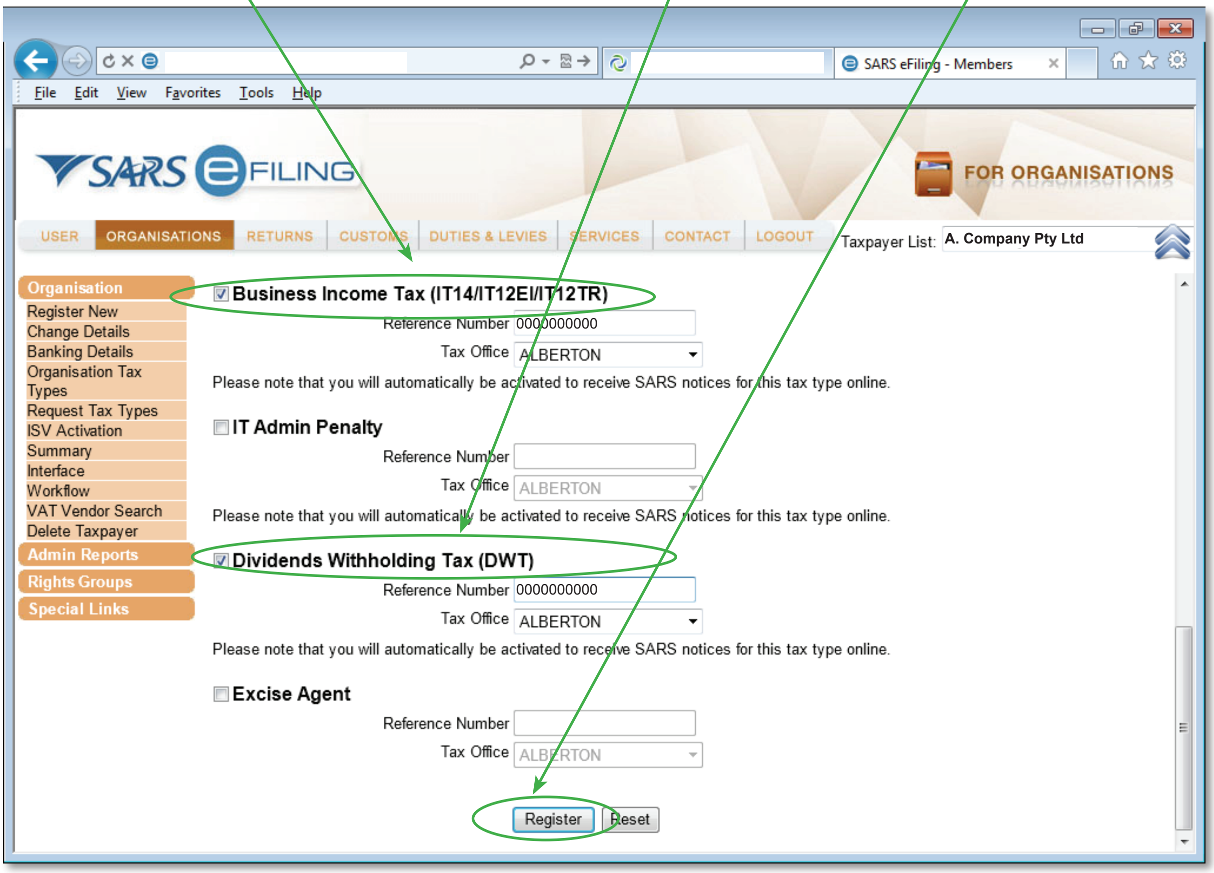
Select the relevant submission and click **'continue'**.



Click **'continue'** to proceed to the next step.

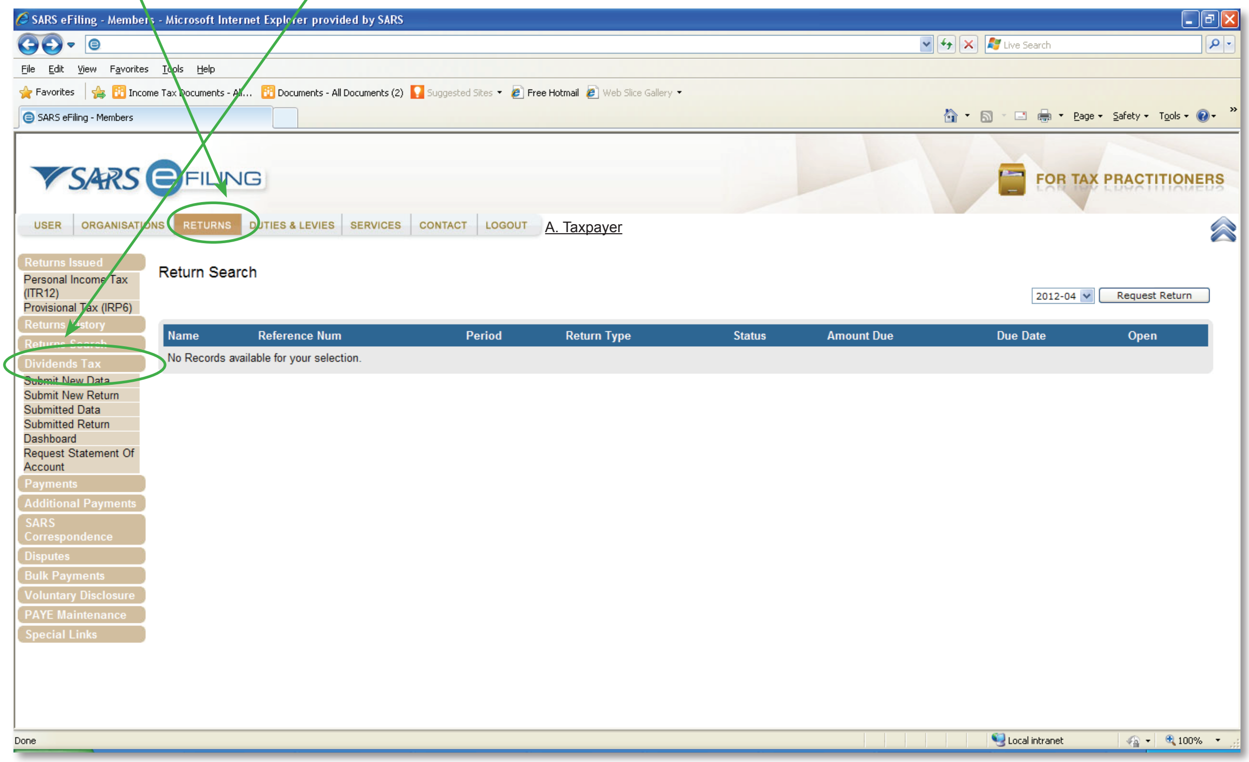


Select **'Business Income Tax'** and **'Dividends Withholding Tax'** and click **'Register'** to finalise registration process.



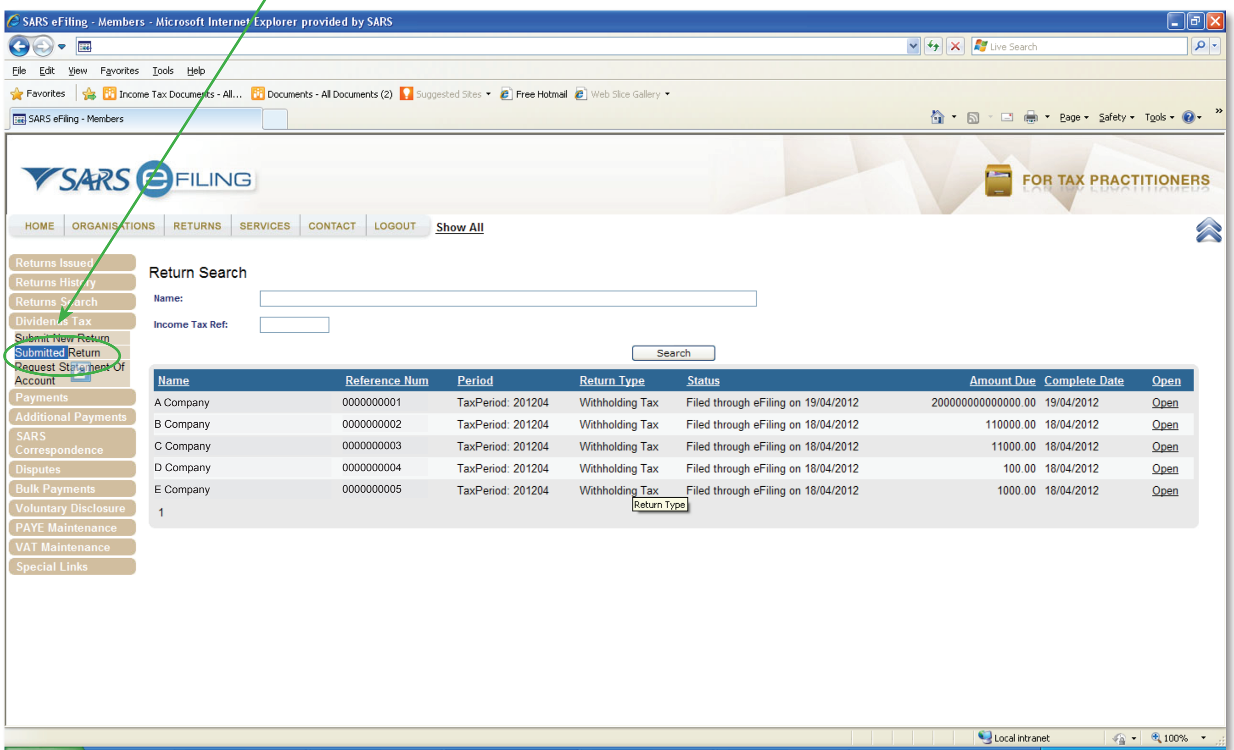
3. HOW TO REQUEST A RETURN

Click **'Returns'**, then **'Dividends Tax'**

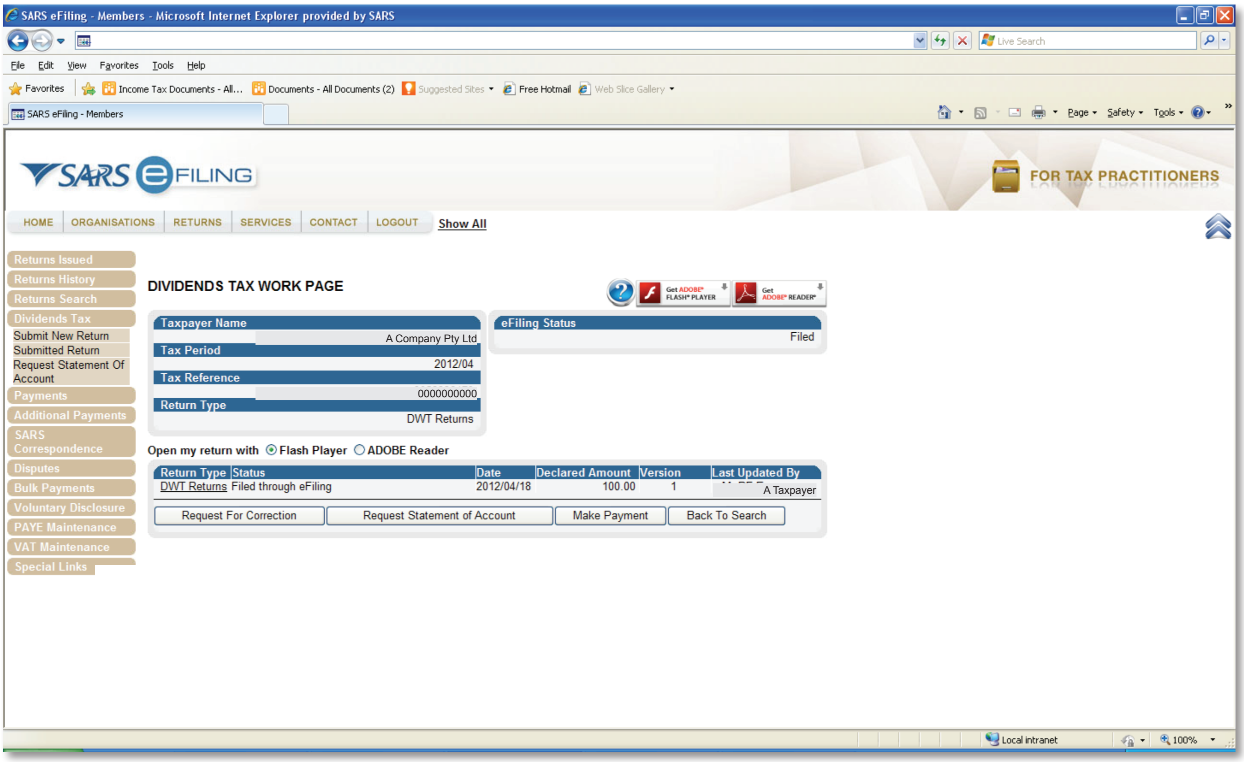


Click **'Submit New Return'** and **'Request Return'** to request the return. Select the tax period from the dropdown list next to **'Request Return'** button.

Click **'Submitted Return'** to make corrections to the return that has already been submitted.

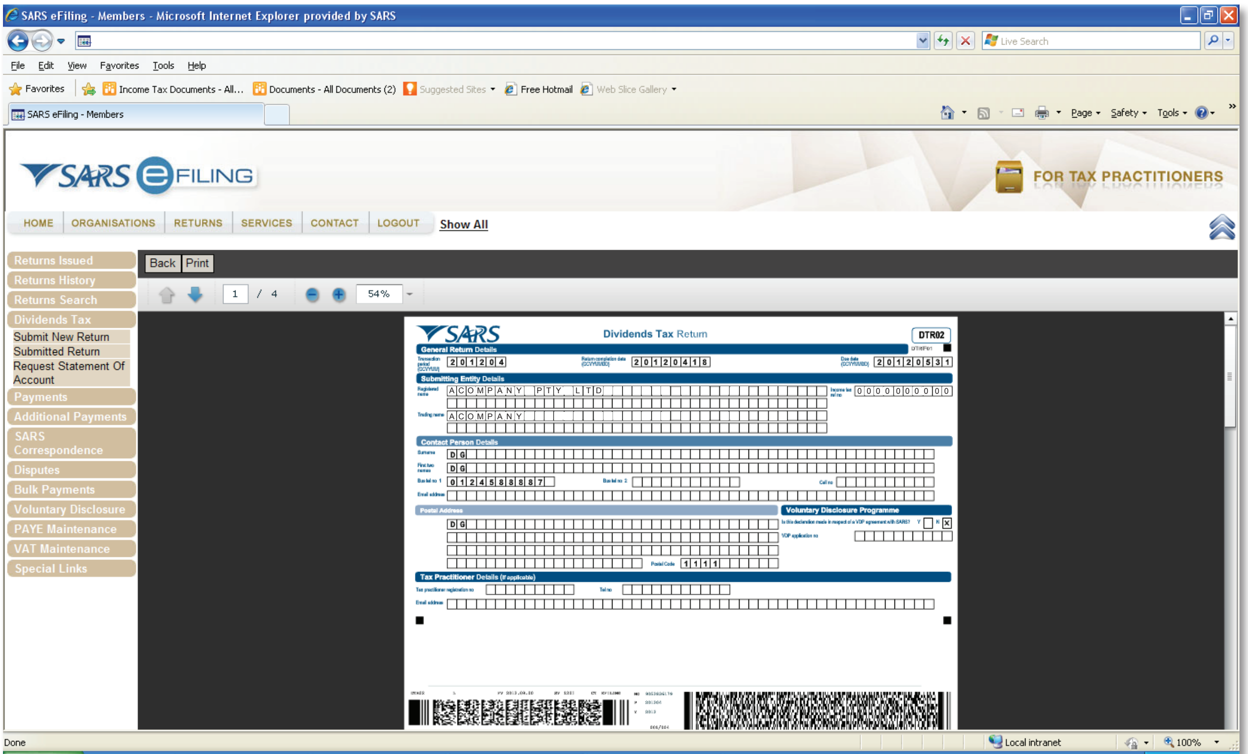


Click **'Open'** on the return subject to revision.



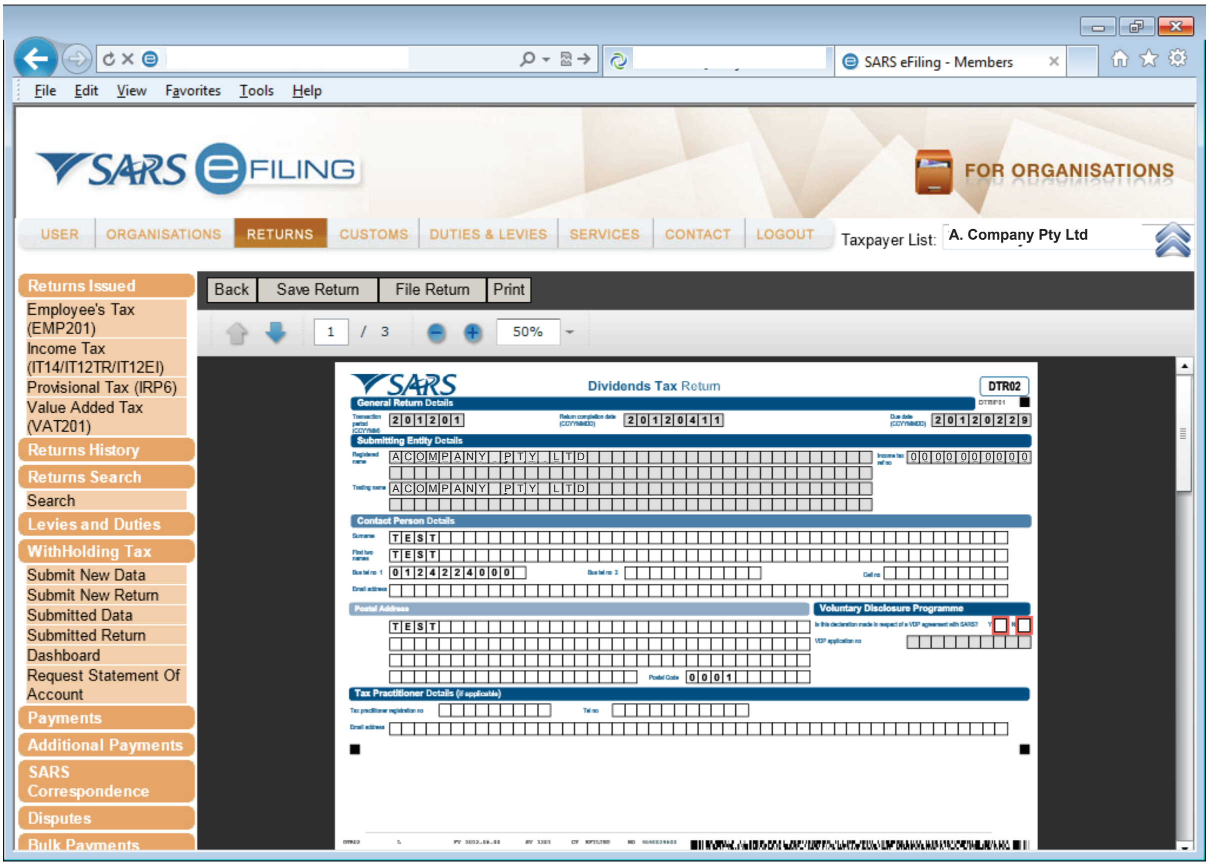
Click **'Request For Correction'** and **'DWT Returns'** under Status **'Filed through efiling'**

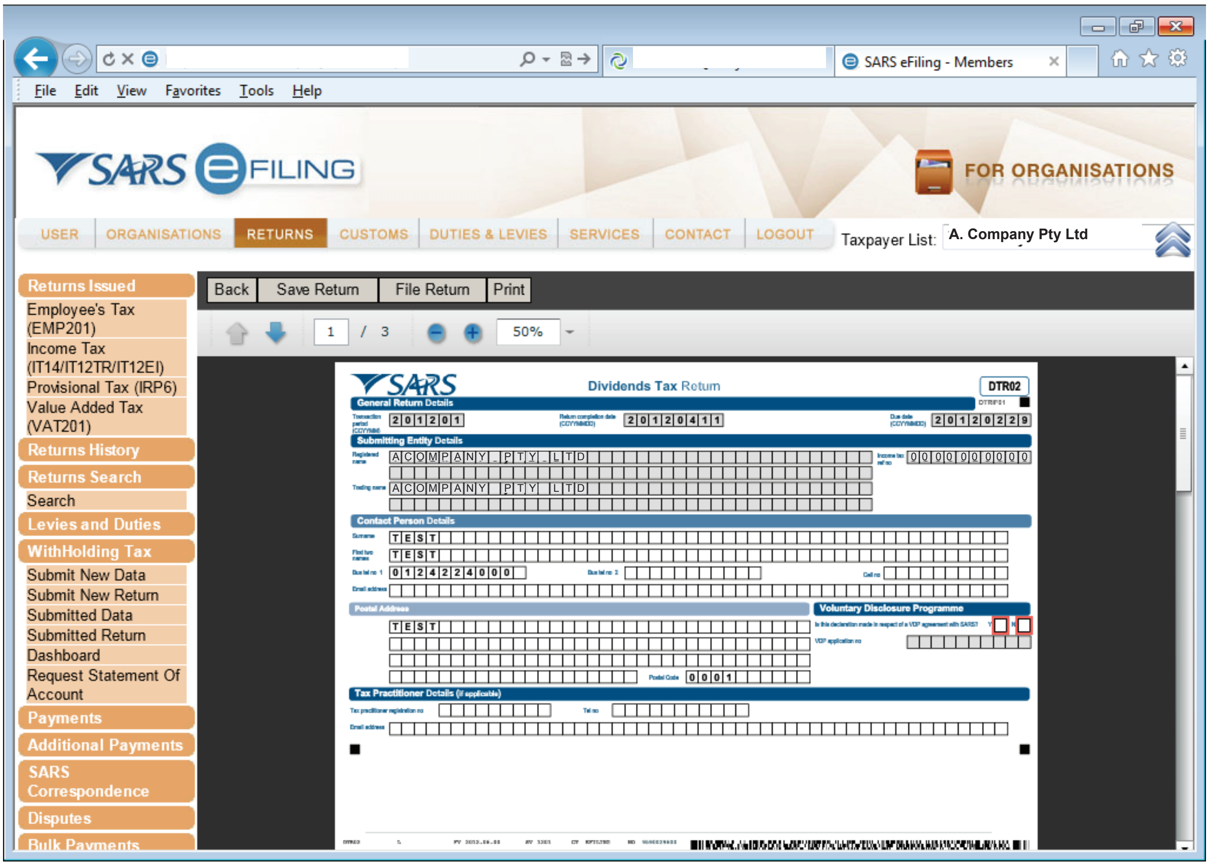
The previously submitted information will be pre-populated and the return updated.



4. HOW TO COMPLETE A RETURN

Taxpayer personal details will be pre-populated. Capture the contact person details, postal address and Tax Practioner's detail if applicable. Select **'N'** under Voluntary Disclosure Programme.





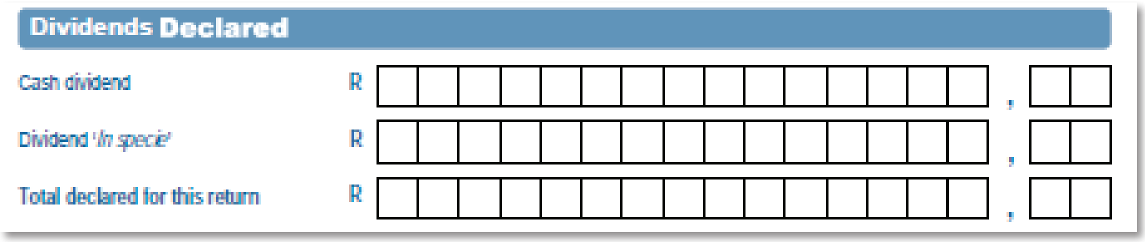
5. FINANCIAL INFORMATION

5.1 INPUT SECTION

The taxpayer's financial information will be reflected from page 2 of the Dividends Tax Return.

Dividends Declared

This section must be completed by a company reporting on the dividends that they declared.

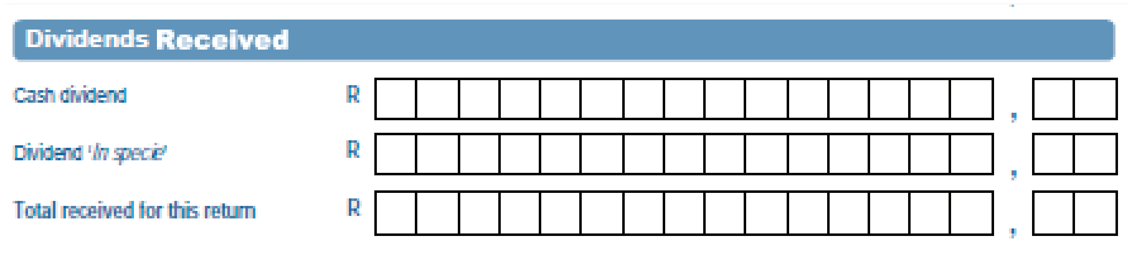


Dividends Declared	
Cash dividend	R ,
Dividend '*In specie*'	R ,
Total declared for this return	R ,

- Cash Dividend – Capture the amount of cash dividends declared in Rand and cent.
- Dividend *In specie* – Capture the amount of Dividend *In specie* declared in Rand and cent.
- Total declared for this return – This field is locked and calculated as a sum of the previous values captured.

Dividends Received

This section must be completed by a company reporting on dividends that they received as beneficial owner or a regulated intermediary that received dividends for distribution.



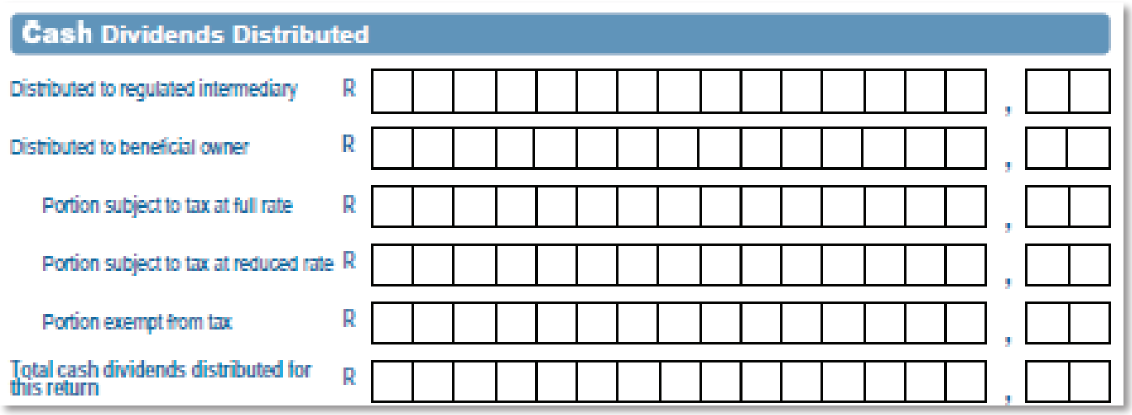
Dividends Received	
Cash dividend	R ,
Dividend '*In specie*'	R ,
Total received for this return	R ,

- Cash Dividend – Capture the amount of cash dividends received in Rand and cent.
- Dividend *In specie* – Capture the amount of Dividend *In specie* received in Rand and cent.
- Total received for this return – This field is locked and calculated as a sum of the previous values captured.

5.2 OUTPUT SECTION

Cash Dividend Distributed

This section must be completed by a company or a regulated intermediary reporting on cash dividends that they distributed.



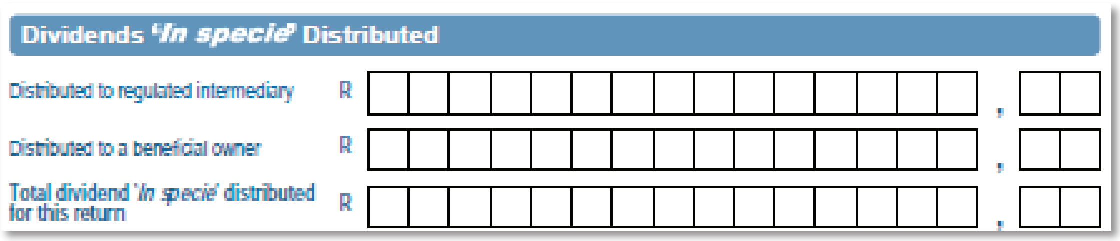
Cash Dividends Distributed

Distributed to regulated intermediary	R	,
Distributed to beneficial owner	R	,
Portion subject to tax at full rate	R	,
Portion subject to tax at reduced rate	R	,
Portion exempt from tax	R	,
Total cash dividends distributed for this return	R	,

- Distributed to regulated intermediary – Capture the amount of cash dividends passed to regulated intermediaries.
- Distributed to beneficial owner – This field is locked and calculated as a sum of the following three fields.
  - Portion subject to tax at full rate – Determine and capture the portion of the dividend to be paid to beneficial owners that will be taxed at full rate.
  - Portion subject to tax at reduced rate – Determine and capture the portion of the dividend to be paid to beneficial owners that will be taxed at a reduced rate.
  - Portion exempt from tax – Determine and capture the portion of the dividend to be paid to beneficial owners that is exempt from tax.
- Total cash dividend distributed for this return – This field is locked and calculated as a sum of the previous fields.

Dividends *In Specie* Distributed

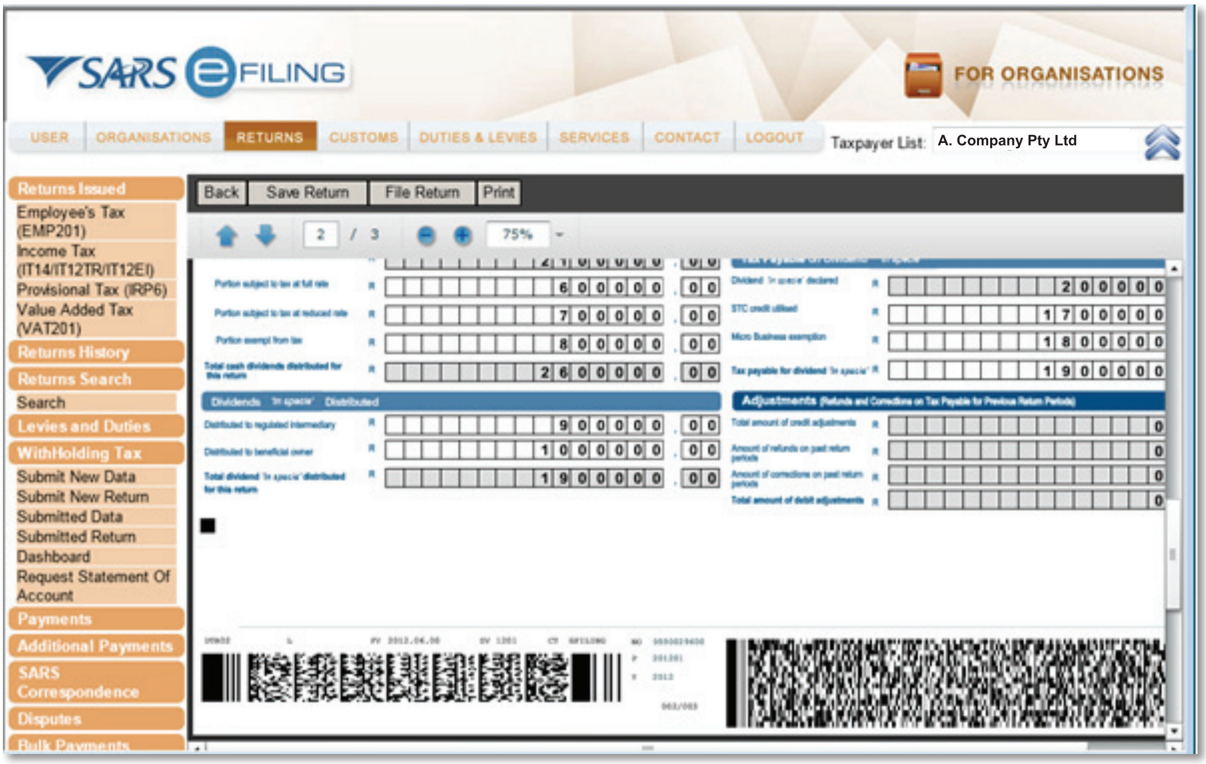
This section must be completed by a company or a regulated intermediary reporting on Divdends *In Specie* that they distributed.



Dividends '*In specie*' Distributed

Distributed to regulated intermediary	R	,
Distributed to a beneficial owner	R	,
Total dividend '*In specie*' distributed for this return	R	,

- Distributed to regulated intermediary – Capture the amount of dividends *In specie* passed to regulated intermediaries.
- Distributed to beneficial owner – Capture the amount of dividends *In specie* paid to beneficial owners.
- Total dividends *In specie* distributed for this return – This field is locked and calculated as a sum of the previous fields.



5.3 TAX PAYABLE SECTION

This section reflects the detail breakdown of the information captured in the previous sections to calculate the tax payable for the return.

Tax Payable Section (Tax Withheld for this Return, Due to SARS)		TPAIF01
Total tax payable for this return	R	,

- Total tax payable for this return – This field is locked and calculated based on the fields in the following sections.

Tax Payable on Cash Dividend

This section must be completed if cash dividends distributed to beneficial owner was captured in the output section.

Tax Payable on Cash Dividend		
Cash dividend distributed to beneficial owner	R	,
STC credit utilised	R	,
Micro Business exemption	R	,
Cash dividend subject to tax	R	,
Tax payable before rebate	R	,
Tax payable at full rate	R	,
Tax payable at reduced rate	R	,
Less: Rebate for foreign taxes paid	R	,
Tax payable on cash dividends	R	,

- Cash dividend distributed to beneficial owner – This field is locked and will be auto-populated with the amount specified in the "Distributed to beneficial owner" field in the output section.
- STC credit utilised – Capture the total amount of STC credit utilised for all cash dividend payments made to beneficial owners.
- Micro business exemption – Capture the total amount of Micro business exemption for all cash dividend payments made to beneficial owners.
- Cash dividend subject to tax – This field is locked and will be calculated based on the values captured for the fields above.
- Tax payable before rebate – This field is locked and will be calculated as the sum of the following fields:
    - Tax payable at full rate – Capture the amount of tax payable for portion of the dividend that must be taxed at full rate.
    - Tax payable at reduced rate – Capture the total amount of tax payable for dividend payments made to beneficial owners that must be taxed at a reduced rate.
- Less: Rebate for foreign taxes paid – Capture the total amount of rebates applicable to dividend payments made to beneficial owners.
- Tax payable on cash dividends – This field is locked and will be calculated based on the values captured for the fields above.

Tax Payable on Dividend *In specie*

This section must be completed if an amount was captured for the "Dividend *In specie*" field in the input section.

Tax Payable on Dividend *'In specie'*		
Dividend '*In specie*' declared	R	,
STC credit utilised	R	,
Micro Business exemption	R	,
Tax payable for dividend *'In specie'*	R	,

- Dividend *In specie* declared – This field is locked and will be auto-populated with the amount specified in the "Dividend *In specie*" field in the input section.
- STC credit utilised – Capture the total amount of STC credit utilised for all dividend *in specie* payments made to beneficial owners.
- Micro business exemption – Capture the total amount of Micro business exemption for all dividend *in specie* payments made to beneficial owners.
- Tax payable for dividend *In specie* - This field is locked and will be calculated based on the values captured for the fields above.

5.3 ADJUSTMENTS

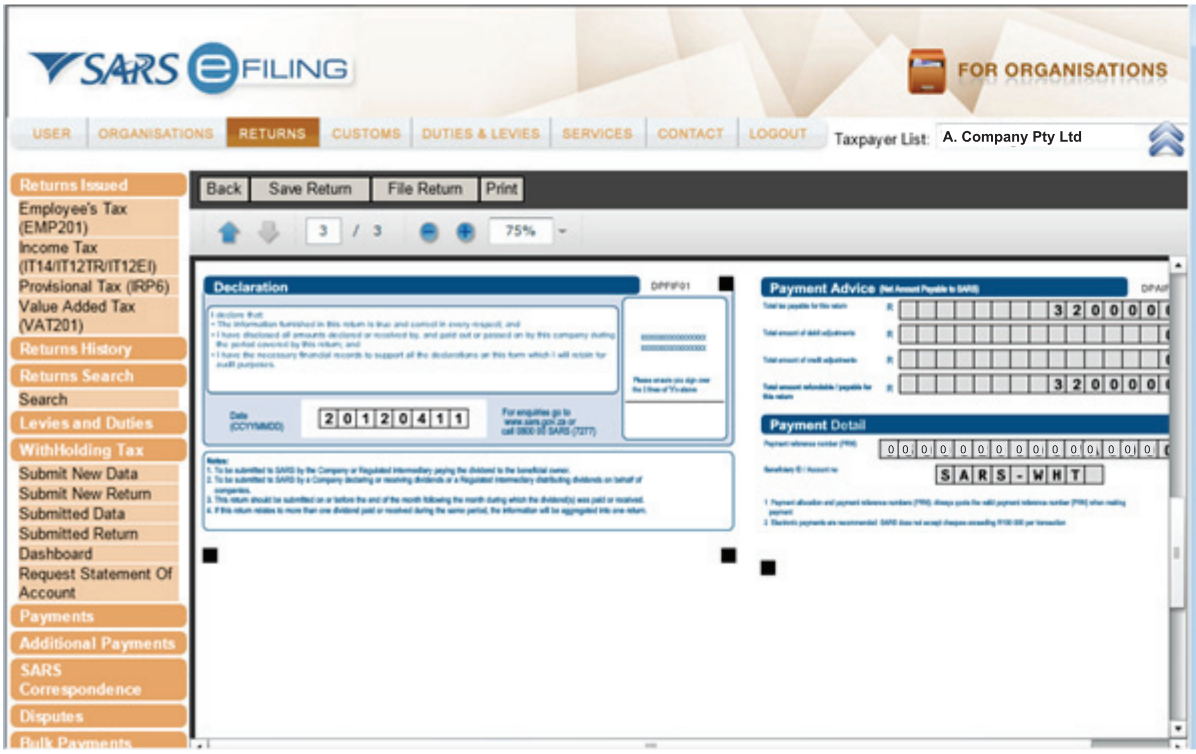
This section will be locked and uneditable for the manual capturing of the Dividends Tax return.

Adjustments (Refunds and Corrections on Tax Payable for Previous Return Periods)

Total amount of credit adjustments	R		,
Amount of refunds on past return periods	R		,
Amount of corrections on past return periods	R		,
Total amount of debit adjustments	R		,

5.4 PAYMENT ADVICE

All fields under this sub-heading will be auto populated based on calculated fields in the previous sections.



5.5 PAYMENTS DETAILS

The PRN and Beneficiary ID will be pre-populated. Please ensure that you have both numbers to effect payment at the bank.

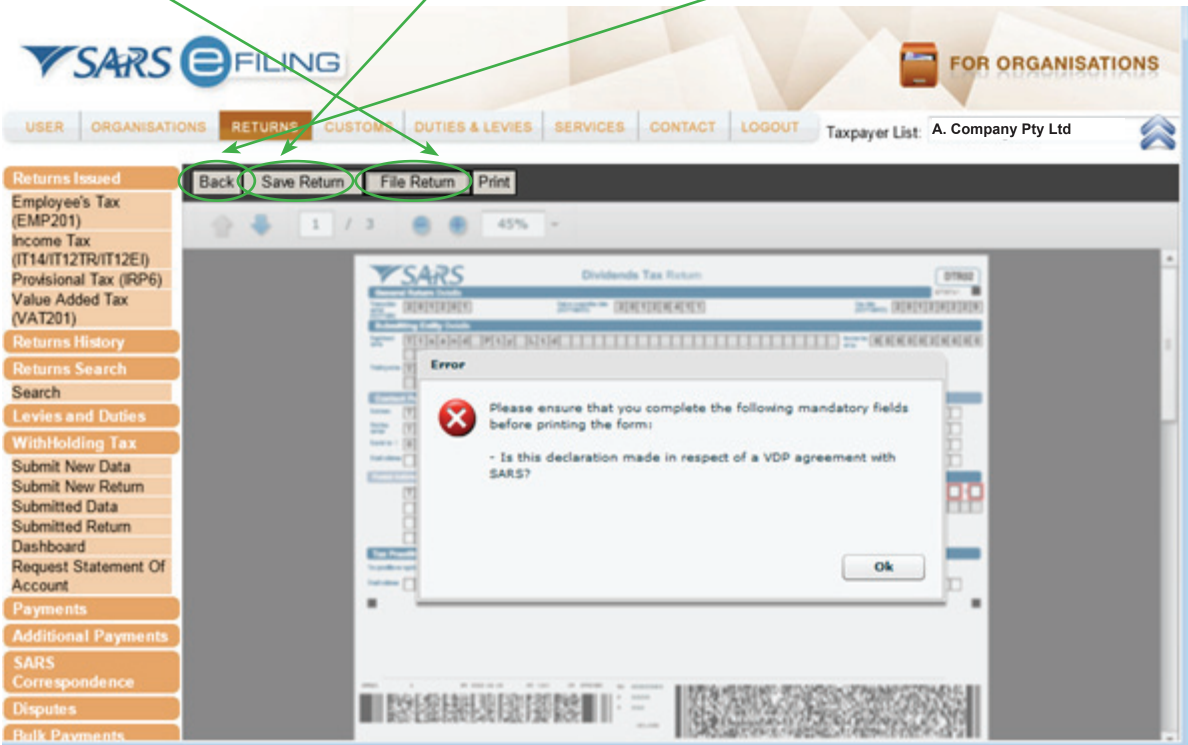
Payment Detail

Payment reference number (PRN)	
Beneficiary ID / Account no.	S A R S – W H T

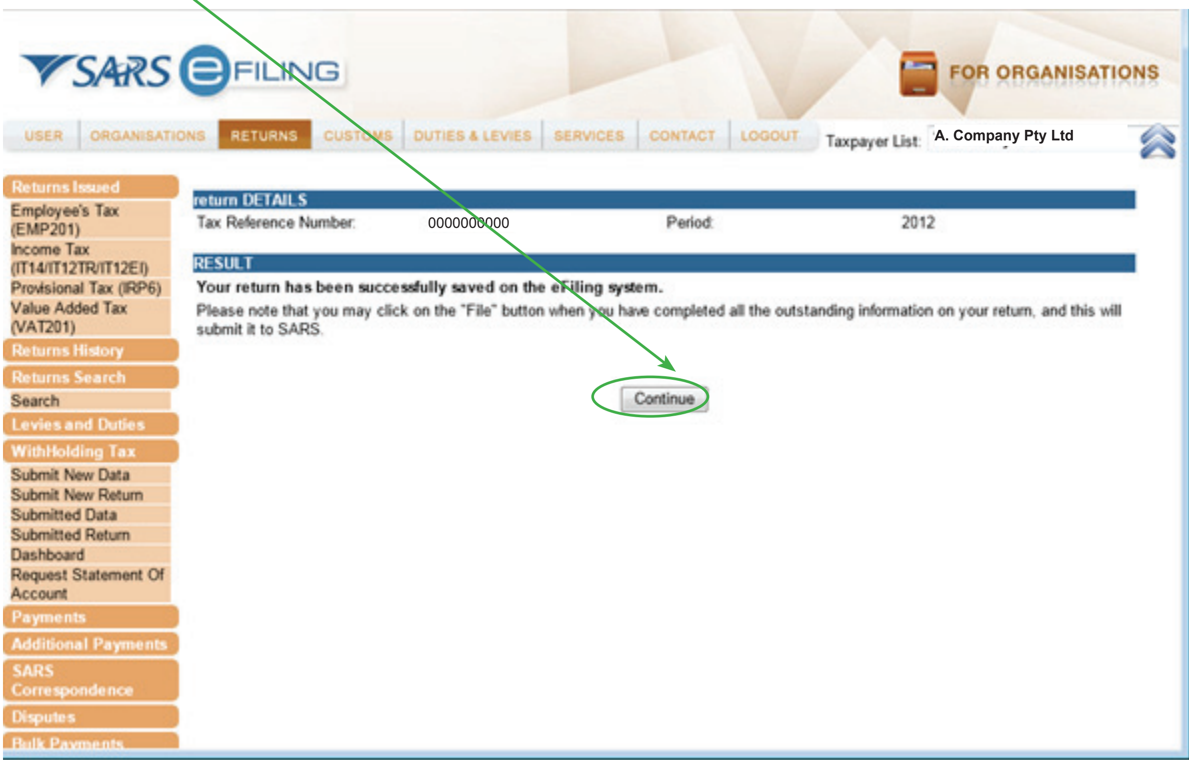
1. Payment allocation and payment reference numbers (PRN): Always quote the valid payment reference number (PRN) when making payment.
2. Electronic payments are recommended. SARS does not accept cheques exceeding R100 000 per transaction.

6. HOW TO SUBMIT A RETURN

Click **'File Return'** to submit, **'Save Return'** for later retrieval and **'Back'** to go to the previous screen.



Click **'Continue'** to complete the process.



For more information go to the SARS website, www.sars.gov.za, visit a SARS branch or call the SARS Contact Centre on 0800 00 SARS (7277). The operating hours are 08h00 - 17h00 (excluding weekends and public holidays).

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