

The amnesty also covers all fines, interest and penalties and you will not have to pay any of these. Once you get amnesty SARS may not make a criminal case against you – as long as you have been honest about your income.

How to apply for the amnesty

Fill in the small business tax amnesty application form (SBA001). You can get it from any SARS office or download it from the SARS website: www.sars.gov.za.

You must also submit:

- The relevant income tax return for the 2006 tax year as required in the case of an individual or business.
- A statement of all assets and liabilities as at 28 February 2006.

What if you do not have accounting records or documentary proof of your taxable income?

If you do not have documents to prove what your taxable income is, you may give a reasonable estimate of these amounts.

When SARS has to decide whether your estimate is reasonable, we can look at your possessions, your lifestyle and any other information that can confirm your income.

What can you NOT get amnesty for?

You cannot get amnesty:

- For income you received in the form of a salary or wage.
- For taxes you have already paid.



- For taxes that become payable because you submitted a tax return before you applied for amnesty.
- If we have already informed you that we want to audit or investigate you.

Withdrawal of the amnesty

The amnesty will be withdrawn if you:

- Do not pay the full amount of the tax amnesty levy within 12 months
- Do not give full and honest information or amounts, including a statement of assets and liabilities as at 28 February 2006.
- Made an estimate which is not reasonable

What if you do not use the amnesty?

The amnesty is your one chance to become legal and to clear taxes you owe from the past. If you do not use the amnesty:

- You will always owe taxes from past years
- When you register or SARS catches you or you come forward voluntarily in the future, you will have to pay additional tax, penalties and interest
- SARS may take action against you and you could be charged with a crime.

For further information and assistance:

- Visit any SARS office
- Call the hotline on 0860 12 12 20
- Write to PO Box 292, Groenkloof, 0027
- Visit our website at www.sars.gov.za
- Email sbau@sars.gov.za

This brochure is available in all official languages. To obtain a copy in your language of choice, visit our website at www.sars.gov.za or your nearest SARS branch.



Tax Amnesty for Small Business

1 August 2006 - 31 May 2007



Have you not paid taxes in the past?

Did you hide some of your income to avoid tax?

Do you want to legalise your business affairs?

Are you worried about getting into trouble or paying big fines if you register with SARS?

SARS can now offer you an amnesty – This means you can register your business and you do not have to pay all your old taxes.

Why?

Many small businesses and taxi operators did not pay tax in the past. All businesses are supposed to pay taxes like income tax, PAYE (employees tax) and VAT, but many small businesses never registered with SARS to pay tax.



It is illegal not to pay tax. But people who have never paid are scared to come forward because they are scared they will be fined or prosecuted.

In February 2006, the Minister of Finance announced in his Budget Speech that SARS will offer a tax amnesty to small businesses including taxi operators. This will give them a chance to sort out their tax affairs without being punished for not paying in the past.

Government uses tax money to provide social services for all South Africans. Our tax money pays for education, healthcare and policing. It pays for grants for poor people, and is used to build roads, power stations and dams. Without taxes government cannot build a better life for all.

SARS is responsible for collecting taxes. We would like to make it easy for people to start paying tax – even if they evaded it in the past. The more people who pay, the more money government will be able to spend on providing services for the people of South Africa.



Who qualifies for the amnesty?

A small business can apply for amnesty as long as you had a turnover (gross income) of less than R10 million in 2006.

The business can be owned by an individual (including the insolvent or deceased estate of an individual), a close corporation, an unlisted company, a co-operative or a trust. If the business is owned by a close corporation, an unlisted company or a co-operative, the shares in it must be held by individuals. A similar rule applies to a trust.

Any small business that has not yet registered for the 2006 tax year, can apply for the amnesty. If you are registered but did not declare all your income or taxes, you can also apply for amnesty.

The 2006 tax year is defined as a tax year that ended during the period of 12 months from 1 April 2005 to 31 March 2006.

When can you apply for the amnesty?

You can apply from 1 August 2006 to 31 May 2007.

Where can you apply?

At any SARS office in the country except for an office that deals only with Customs or Excise matters. All applications will be treated confidentially.

What taxes can you get amnesty for?

When you apply for amnesty you still have to pay some taxes for the 2006 tax year:

- You will pay income tax on your profit (taxable income) for the 2006 year.
- You will pay a small levy to get the amnesty. This clears all your taxes from the past. The levy will be between 2% and 5% of your 2006 profit (taxable income) If your profits are less than R35 000 there will be no levy.

You can get amnesty for the following taxes up to the start of the 2006 tax year:

- Income tax on profits (taxable income).
- Secondary tax on dividends.

You can also get amnesty for the following taxes up to 28 February 2006:

- VAT (Value Added Tax).
- PAYE (Pay As You Earn).
- Contributions on payroll to skills development levies (SDL) and unemployment insurance fund (UIF).
- Withholding tax on royalties.

