AKHA Trust Beneficiaries

How SARS administers and assesses tax on Trust distributions

- The Trust receives dividend income from Accenture. However, when that income is distributed to beneficiaries, SARS does not automatically treat it as a tax-free dividend.
- Where a Trust distribution is received because of employment, the normal dividend exemption does not apply. As a result, the distribution forms part of a beneficiary's taxable income and will be assessed together with all of their other income for the tax year.
- Whether any tax is ultimately payable depends on each beneficiary's own tax circumstances.

What has changed for beneficiaries and why

The tax legislation has not changed. What has changed is how the Trust administers the process.

Historically, the Trust assisted beneficiaries by calculating and administering any tax arising from distributions (for those who opted in).

Following changes to the Founder's HR and payroll operating model, the Trust no longer has access to the payroll information required to accurately determine each beneficiary's personal tax position.

The Trustees have therefore resolved that, from the FY25 distribution onwards:

- beneficiaries will receive their approved distribution in full; and
- beneficiaries will be responsible for managing any personal tax obligations arising from that distribution when completing their annual tax return.

The Trust will continue providing beneficiaries with the tax certificates and supporting information required for SARS reporting (as and when required).

The key themes and frequently asked questions raised during the recent Q&A session

Theme	Many beneficiaries wanted to understand	Key message
Tax reporting and filing	• Which tax year the distribution should be declared in. • Which supporting tax certificates they will receive. • When the information should be included in their SARS tax return.	Beneficiaries should include the distribution in their personal tax return for the relevant tax year. Any tax that becomes payable as a result will generally be assessed and paid during the following tax filing cycle.
Will I owe SARS money?	• How much tax should be set aside? • Can tax be paid to SARS before assessment? • Will everyone have additional tax to pay?	There is no single answer that applies to everyone. Any tax liability depends on each beneficiary's individual income, deductions and overall tax position.
Why has the tax treatment changed?	Beneficiaries wanted to understand why previous distributions appeared to be subject to dividend tax, whereas current distributions may be assessed as part of their personal taxable income.	The tax treatment has not changed. The AKHA distributions are employment-related, therefore SARS assesses the amount as part of the individual's taxable income.

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The key themes and frequently asked questions raised during the recent Q&A session

Theme	Many beneficiaries wanted to understand	Key message
Individual tax circumstances matter	Beneficiaries asked about: • Medical deductions • Home office expenses • Retirement • Tax brackets • Other personal deductions	Everyone's tax situation is unique. SARS considers a beneficiary's total income and allowable deductions before determining whether additional tax is payable.
Support available	Beneficiaries wanted assistance with: • Calculating potential tax • Completing tax returns • Booking one-on-one consultations	The beneficiaries have access to qualified tax advisors who are available to provide guidance and individual support where required through Accenture employee benefits, Accent on You.

Our objective is to ensure every beneficiary has the information, documentation and support needed to meet their personal tax obligations with confidence.

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What you need to know

Tax measures to ease financial burden on households

The National savings and investment rate is far below the levels needed to truly create generational wealth and support local investment in the economy.

To encourage South Africans to save more:

- The annual tax-free investment limit increases from R36 000 to R46 000. Life Time investment capped at R500 000.00
- The retirement fund deduction cap rises from R350 000 to R430 000, allowing higher tax-deductible contributions.
- Retirement fund contributions remain limited to 27.5% of the greater of remuneration or taxable income (excluding lump sums and severance benefits).
- Dividends from South African companies are income tax–exempt for individuals, but a 20% dividends tax is withheld at source.

Key considerations

Making the most of your distribution

Consider using your distribution in a way that supports both your immediate needs and your long-term financial wellbeing.

Build or strengthen your emergency savings for unexpected expenses.

Pay down high-interest debt, such as credit cards or personal loans.

Invest for your future, including retirement or long-term wealth creation.

Save towards planned expenses, such as education, home improvements, a vehicle, or family commitments.

Review your financial goals and use the distribution in a way that supports them

Set aside funds for any potential tax liability before making spending decisions

Smart Investment Options for funds remaining after addressing the Tax liability

Short-term investments (less than 5 years)

- Discretionary investments (easily assessable)
- Don't overexpose into aggressive asset classes

Long-term investments (5 years or more)

- **Discretionary investments** but you can consider including exposure into moderate and moderately aggressive asset classes

- **Endowments** (if income tax bracket is higher than 30%)
    - Regular or Lump-Sum Pay-ins
    - The 5-Year Rule
    - Dual Payout
    - Benefits

- **Retirement Planning** (e.g. Retirement Annuities) taking the limits into consideration:
    - 27,5% of annual income
    - Capped at a max of R430,000-00
    - Any amounts over the limit

Smart Investment Options for funds remaining after addressing the Tax liability

- **Retail Bonds:**
  - Government backed debt securities designed for individual investors, either fixed-rate and inflation-linked bonds
    - Income Tax on Interest
    - Annual Interest Exemptions
    - Inflation-Linked Adjustments
    - Capital Gains Tax (CGT)

Capital Gains Tax on Investments

Unit Trusts:

Selling of units will trigger CGT based on the profit; for e.g
- Partial or full withdrawals
- Switching portfolios

Annual exclusion: R50,000.00

Endowments:

Flat Rate: effective 12% (40% of the 30%)
CGT is handled internally by the insurer

Tax Free Investments & Retirement Funds:

These are exempt from CGT and therefore do not attract any CGT on their internal growth.

Property:

Primary residence only attracts CGT after the first R3mil of CGT.
Secondary residence attracts CGT (max is 18%)

Tax Solutions

Help at Hand- Feeling Frazzled?

The rules about tax can seem complicated and daunting.

Contact an independent, ***registered*** tax practitioner; your payroll manager or SARS if help is required

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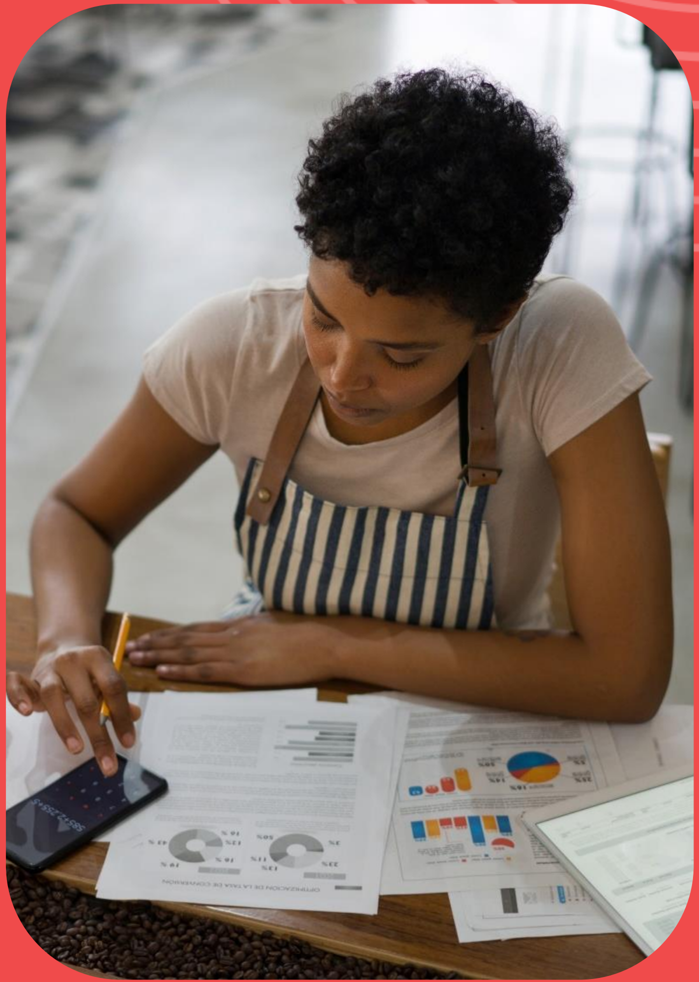
Tax Filing Options – Connect with your Money Coach

SARS e-filing

Digital Tax Filing Solution
Tax Tim

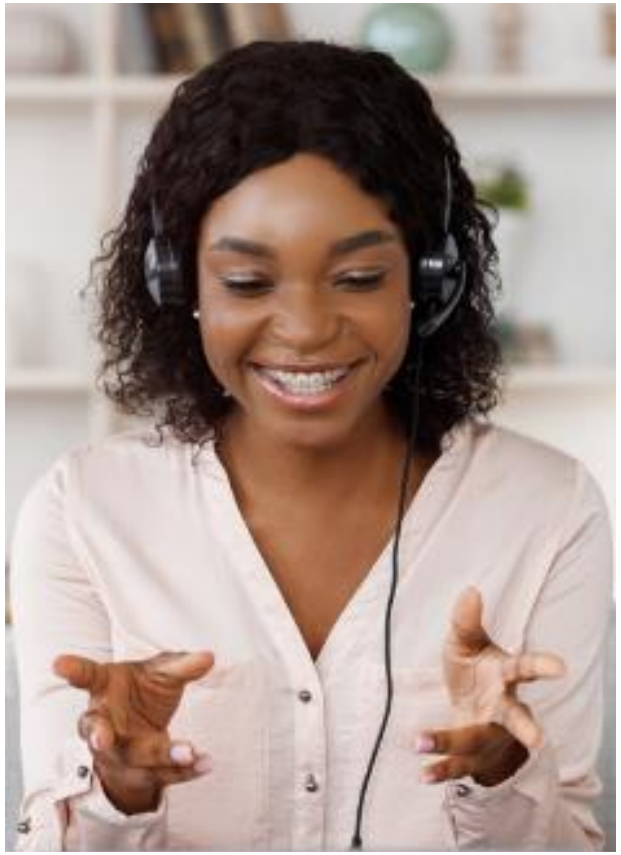
Tax specialist



Financial Coaching and Support

Access financial coaching

30 Minute
One-on-one
personal
coaching
session
Virtual/Telepho
nic



Personal

Free

Confidential

Accessible

The Role of a Financial Coach

Assists you with your current financial situation, from budgeting to debt management, to setting a financial goal, ensuring you stay on track financially with cross referral to a financial planner or expert should you need specialist advise.

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