Subscribe | Past Issues | Translate

Majestic Financial Services Quarterly Newsletter
Volume 13 - Issue 3

View this email in your browser

3rd Quarter Newsletter 2017

P.O. Box 67096
Bryanston
2021

P: (011) 504 1200
F: 086 557 8416
E: mfsinfo@majestic.co.za

www.majestic.co.za

An Authorised Financial Services Provider

Licence Number 10035

Providing Peace of Mind

Meet the team

Malcolm Taylor (AIISA, AFP) *- Managing Member and Short Term Broker*
Belinda Smith (LIISA) *- Short Term Broker*
William Mufeba *- Short Term Claims Handeler*
Mandy Cormack - *Short Term Administrator*
Dave Brewer (BCompt, SAIPA, CFP®) *- Financial Planning, Corporate Benefits and Investments*
Vanessa Kruger *- Long Term, Investments Manager and Paraplanner*
Jessica van Tonder *- Long Term and Investments Admin Assistant*
Samantha McKay (BComm Hons (Tax)) *- Tax Consulting and Accounting*
Jenna Rowlands *- Medical Aid and Corporate Benefits Administrator*

Majestorial - Letter from the Editor

Sam's Tax Talk - " The importance of retaining proof of medical expenses ".

Short Term News - " Bell Pottinger Exposed".

Long Term News - " Why trusts have become less attractive" .

Majestic Services

Majestorial

Welcome to the third quarter newsletter

We endeavour to provide each of our clients with sound tactics to ensure that they are better equipped in dealing with any financial occurrence. Majestic's broad spectrum of expertise and specialized representatives offer this with every opportunity presented to us. We hope to spark a few questions with our newsletter in order to enable us to provide you with the knowledge you need to succeed and reach your financial goals.

"We would like to thank you for your continued support, and "assure you of our best attentions at all times!"

Take a look at the Majestic Services section and let us know if there is an area where you would like to consolidate your portfolio.

We are here to provide you with peace of mind.

Mandy Cormack - Editor

Sam's Tax Talk

The 2017 tax season began on 1 July 2017 and we would like to remind all taxpayers to get their returns submitted sooner rather than later. The deadline for non-provisional tax payers is 24 November 2017 and for provisional taxpayers 31 January 2018.

On this edition of tax talk, I will be discussing the importance of retaining all proof of all medical expenses (invoices/slips and proof of payments/receipts) that have not been covered by your medical aid. There have been a few cases lately where SARS have requested invoices/receipts and proof of payments for out-of-pocket expenses that appear on your medical aid certificate as well as items that have not been submitted to the medical aid.

Out-of-pocket medical costs submitted to the medical aid:
In certain cases service providers (such as Doctors and pharmacies) will automatically submit a medical claim to your medical aid on your behalf. The medial aid will then either pay the claim in full or they will pay a portion of it. If there is any amount that is not covered by the medical aid, the taxpayer is responsible for this payment. Although these have already been submitted to the medical aid and will appear on your medical aid tax certificate, the invoices as well as the proofs of payment need to be retained for tax purposes. If SARS requests these documents and they cannot be supplied then SARS can disallow them from being claimed in your tax return.
The same applies if you personally submit claims to your medical aid. It is important to remember that where out-of-pocket medical costs are being claimed on your tax return SARS requires that a proof of payment be supplied for each invoice/slip that is claimed. If no proof of payment is supplied SARS will reject this claim.

***Out-of-pocket medical costs NOT submitted to the medical aid**:*
Where medical costs have not been submitted to the medical aid at all, the invoices/slips and proofs of payment need to be retained for tax purposes and submitted to SARS if requested.

Payment of medical aid contributions and out-of pocket medical costs:

child's medical aid, that parent would claim it in their tax return.

Although SARS has been lenient with the above items in the past, they have started to clamp down on medical aid claims, so these need to be claimed correctly and by the correct person in order to avoid the claim being rejected.

If you have any questions regarding the above or require assistance with your tax return, please call Samantha McKay on 011 504 1200 or email her at samantham@majestic.co.za.

Short Term News:

Bell Pottinger Exposed

EDINBURGH — Bell Pottinger, the dirty PR firm that took instructions from President Jacob Zuma's son Duduzaneon behalf of the Gupta family, is unlikely to survive the #GuptaCurse. It appears to be going under. Although accountants will not yet say whether the company is insolvent, the company's 250 employees have been told that it is possible the company could be put into administration within days. Its reputation is in tatters and it is unable to fix it, which is a remarkable situation for a company that has specialised in crisis communications. The death of Bell Pottinger is a victory for patriotic South Africans who fought against a company that developed an evil race-baiting campaign to destabilise a fragile democracy – all in the name of greed. – Jackie Cameron

Hopes are fading that a buyer for scandal-hit PR agency Bell Pottinger will be found, the ***Financial Times reports****.*
Bell Pottinger staff have been told that the company is likely to go into administration as early as next Monday after failed attempts to find a buyer.
The London-headquartered company's chairman Mark Smith briefed staff with a representative from accountants BDO, which was recently hired to find new investment as clients and key staff deserted the agency.
Angry staff demanded to know whether they would be paid, the FT reports.
A London taxi passes the offices which house the headquarters of Bell Pottinger LLP in London, U.K., on Tuesday, Sept. 5, 2017. Bell Pottinger LLP's attempt to sell itself has reportedly collapsed amid an exodus of clients and staff, succumbing to an unprecedented backlash over the London public-relations firm's involvement in a racially divisive social-media campaign the company ran in South Africa.

Bell Pottinger has about 250 employees worldwide. Global clients including HSBC, TalkTalk and Ascential recently abandoned the firm following a damning report by the Public Relations and Communications Association on Bell Pottinger work for the Gupta family.

Bell Pottinger has been exposed in the #GuptaLeaks for inciting racial violence and working hand-in-glove with President Jacob Zuma's son Duduzane to roll out an anti-white campaign. It was paid at least £100 000-a-monthto do this work while at the same time taking money to promote SA Tourism.
The Gupta and Zuma families are at the centre of corruption allegations.
Meanwhile, Richemont and Investec publicly distanced themselves from Bell Pottinger some time back.
As recently as last month, Bell Pottinger CEO James Henderson was optimistic his company would survive what he painted as something of a storm in a tea cup. Bell Pottinger is no stranger to controversy and has been in the news before for creating fake news.

However what caught Bell Pottinger off-guard in its Gupta work is that it did not anticipate that South Africans would protest against its activities and that influential figures in the UK and elsewhere would take note of public opinion and then act against the company.

Citizens actively campaigned on South African streets, in London and through the social media to bring Bell Pottinger down to punish it for its role in damaging the fledgling democracy. They called on Bell Pottinger clients to dump the PR firm rather than work with a corrupt corporate.

Leading the charge was the Democratic Alliance (DA), a political party that instituted the PRCA investigation into

Bell Pottinger is not the only company in the sights of angry South Africans. Global consultancies KPMG, McKinsey and SAP are among the big businesses that have been exposed in the Zupta – a combination of the Zuma and Gupta names – scandal that has engulfed the country.

Source: http://www.biznews.com/global-citizen/2017/09/08/bell-pottinger-bankruptcy-gupta/?acid=leXO1LF2tBgeZeuwhd4cWQ%3D%3D&adid=pxlR5Kqv%2BVSZgIjL7JoXSA%3D%3D&date=2017-09-11

Long Term News:

Why trusts have become less attractive

James Coutinho, Head of Tax at Liberty, looks at how the budget affects your financial planning
The increase in the top tax rate as highlighted in the 2017 Budget Speech means that trusts will pay 45% tax on income (interest, rental income). The effective capital gains tax (CGT) rate increased from 32,8% to 36%. As a result, it is going to be much harder for you to earn the desired returns on direct investments.

Attempts to lessen the tax implication can lead to more complexity. If, for example, an investment you hold in a trust is switched from one unit trust fund to another, you could be liable to pay CGT. To lessen the tax impact the gain is passed to the beneficiary who, in turn, lends the amount back to the trust. This has all sorts of unintended consequences, such as exposure to creditors, increases in the individual's estate for estate duty purposes, and could be seen as a taxable event under section 7C of the Income Tax Act.

What Section 7C means to you
Section 7C came into force on 1 March 2017, which means that any low interest loans to trusts will be deemed as a donation taxed at 20%. The 2017 Budget Review aimed to close the loophole of some smart trust planners who were using a company to issue the loan and thereby having the trust owe an "unconnected" company the loan.
The impact of section 7C is potentially far reaching. At the very least, if you have a trust, you should be re-looking at your trust deeds. It is important to consider whether there are any "undistributed" distributions where the trust makes the distribution for tax purposes, but does not actually pay the benefit across – most beneficiaries will not realise that this could in fact be an affected loan account.

Remember that certain trusts such as special trusts and certain loan arrangements, including those for the purchase of a primary residence, will be excluded from section 7C.
Those people who hold loan accounts in trusts and are affected will have to consider whether they should:

- *Charge interest on the loan and, if so, how the trust will pay this interest*
- *Actually donate the loan account and pay the donations tax*
- *Write off the loan account and consider any adverse tax consequences*
- *Wind up and deregister the trust completely*
- *Pay the donations tax annually*

It is a good idea to source advice from a tax and trust professional and always remember the original objectives. What was the real, bottom line decision for establishing the trust in the first place?

Consider an endowment to lessen the tax impact

20% for dividend withholding tax.

An endowment can also simplify the administration as there is no disposal on a portfolio switch and after five years one does not have any restrictions on the policy proceeds from the endowment. In addition, as the returns on the endowment will already have been taxed, and provided the trust is the original owner of the endowment, the trust will not be subject to tax on the policy proceeds.

Source:http://yourlife.liberty.co.za/newsletter/2017-04/article-1.html utm_source=newsletter&utm_medium=email&utm_campaign=Apr17_eng

---

Majestic Services:

Short Term Insurance

- *Personal Lines*
- *Commercial Lines insurance, including*
- *Marine, Aviation,*
- *Contractors All Risks and*
- *Plant All Risks, Group Personal Accident,*
- *Liability Insurances, including Professional Indemnity, Directors and Officers Liability, Medical Malpractice, Employment Practice, Commercial Crime, Cyber Risk and General Liability insurance.*

Financial Planning

- *Death, Disability, Income Protection and Dread Disease Benefits*
- *Retirement Planning and Estate Planning*
- *Key Man Insurance, Buy & Sell Insurance,*
- *Contingent Liability*
- *Financial Needs Analysis*

Healthcare & Corporate Benefits

- *Individual & Group Medical Aids*
- *Group & Individual Gap Cover*
- *Company Group Schemes - Pension & Provident funds.*

Tax and Accounting Services

- *Individual Tax Returns*
- *Payroll*
- *Bookkeeping Services*

Subscribe | Past Issues

as a turnkey brokerage with an emphasis on customer service and trusted product suppliers.

The advice offered herein is of a generic nature, and that if followed without discussion and application of personal needs, Majestic cannot accept any responsibility thereof.

Copyright © 2017 MAJESTIC FINANCIAL SERVICES ,All rights reserved.

Our mailing address is:
mfsinfo@majestic.co.za

unsubscribe from this list   update subscription preferences

This email was sent to <<Email Address>>
why did I get this?   unsubscribe from this list   update subscription preferences
Majestic Financial Services · 424 York Avenue · Ferndale · Randburg, Gauteng 2194 · South Africa