

**DECEASED ESTATES
REGISTRATION
&
ASSESSMENT**

Agenda

- Introduction
- Position - deaths prior to 1 March 2016
- Position - deaths post 1 March 2016
- Registration process for Deceased Person
- Registration process for Deceased Estate
- Assessment of Income
- Example of Income Tax Return

Position prior to 1 March 2016

- Income received for post death taxable in hands of beneficiary.
- Deemed CGT on date of death
- During liquidation process accounting for CGT on disposal of assets via special trust (SPV for CGT liability)
- Special trust still applies for deaths before 1/3/2016 and being administered currently

Position post 1 March 2016

- Deceased Estate (DE) is now regarded as an entity for tax purposes
 - Not a legal entity
 - Not every DE needs to be registered for tax
- Post death income – taxable in DE's hands (new number)
- Still deemed CGT on date of death
- No special trust

Registration Channels for Deceased Person (coding)

- Executor notify SARS of death
 - Visit SARS branch or
 - Send email to Contact Centre closest to Master of High Court where estate is being administered

Deceased persons who resided in:	Contact Centre Details
Gauteng north (including Centurion and Pretoria), North West, Mpumalanga and Limpopo	<ul style="list-style-type: none">• Contact.north@sars.gov.za• Fax: 012 – 670 6880
Gauteng south (including Midrand, the Greater Johannesburg area, Kempton Park, Boksburg, Vereeniging and Springs), the Free State and Northern Cape	<ul style="list-style-type: none">• Contact.central@sars.gov.za• Fax 010 - 208 5005
KZN and the northern parts of the Eastern Cape (up to and including East London)	<ul style="list-style-type: none">• Contact.east@sars.gov.za• Fax: 031 – 328 6018
Eastern Cape south of East London and the Western Cape	<ul style="list-style-type: none">• Contact.south@sars.gov.za• Fax 021 – 413 8905

Documents Required by SARS

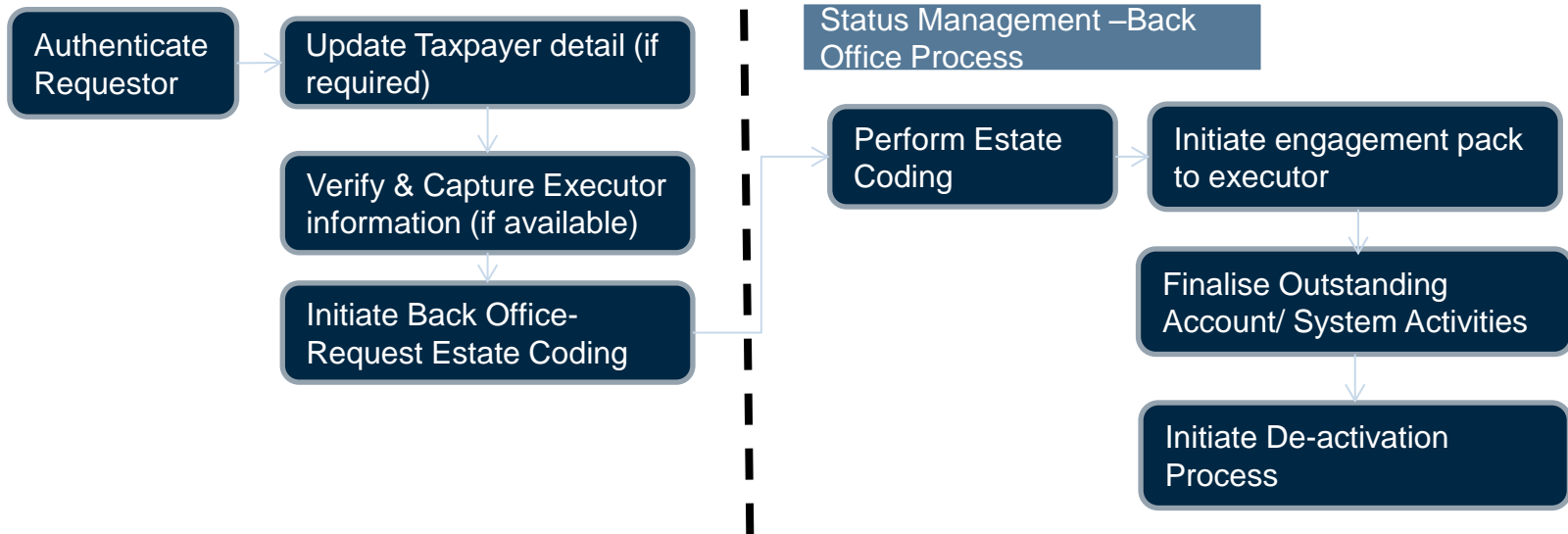
- Death certificate or death notice
- Identity document of deceased person
- Letters of Executorship (J238) (if applicable)
Letter of Authority (J170) (in cases where the estate is less than R250 000)
- Certified copy of the executor's identity document
- Special Power of attorney (if applicable)

Documents Required by SARS continued

- Proof of physical address and contact details of executor or agent
- Last Will and Testament of the deceased person
- An Inventory of the deceased person's assets
- The liquidation and distribution accounts (if available)

Deceased Person –Estate Coding Process

Branch –Walk-in



SARS General Estate Activities

- Letter issued in respect of outstanding tax obligations
- Source outstanding returns
- Finalise period assessment to date of death.
- Collect & Finalise L&D (Outstanding Debt & Credits)
- Finalise outstanding audit activities
- Finalise active system follow-ups & cases

Registration Process for Deceased Estates

- Deceased person must 1st be registered and coded by SARS as a “deceased estate” before the DE will be registered for income tax
- SARS will issue a new number to the DE
 - Linked to existing income tax ref no of deceased person

Registration Process for Deceased Estates...contd

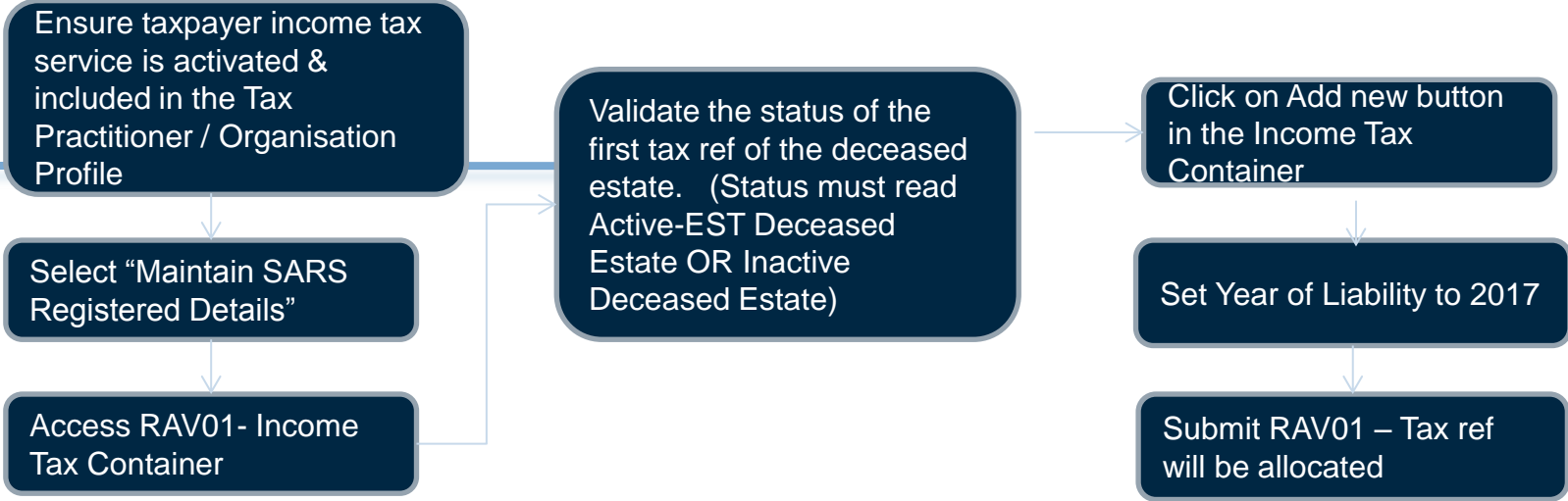
- Executor must request for registration of Deceased Estate (DE) as soon as there is income (exclusions and exceptions exempted) after date of death
- Not necessary that the deceased person's tax ref number be deactivated at SARS before a DE may be registered.
- Deceased person's tax ref no must simply be coded as a "deceased estate"

Documents required to register Deceased Estate

- Death certificate
- Letters of executorship
- Certified copy of the executor's identity document
- Proof of physical address and contact details of executor or agent
- Power of attorney (if applicable)
- The liquidation and distribution accounts

Deceased Estate –Registration Process

E-Filing Post Date of Death



Registered Representative- Executors

Tax Practitioner:

USER	ORGANISATIONS
Organisation	
Bulk Registration	
Admin Reports	
Rights Groups	
SARS Registered Details	
Activate Registered Representative	
Maintain Registered Users	
Maintain SARS Registered Details	
Saved Details	
Maintain Registered Details History	
Merge Entities	
Entity Merge History	
Register Withholding Tax on Interest	

Organisation:

USER	ORGANISATIONS
Organisation	
SARS Registered Details	
Activate Registered Representative	
Maintain Registered Users	
Maintain SARS Registered Details	
Saved Details	
Maintain Registered Details History	
Merge Entities	
Entity Merge History	
Register Withholding Tax on Interest	

Taxpayer List:

My registered particulars

My registration details >

My addresses >

My bank accounts >

My contact details >

My tax products

Revenue

Income tax

Payroll taxes >

VAT >

Customs >

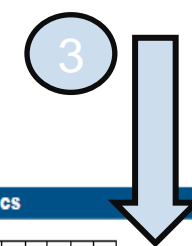
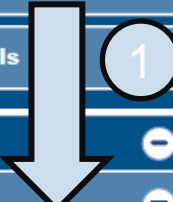
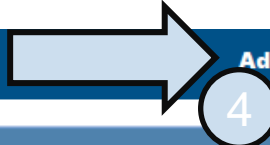
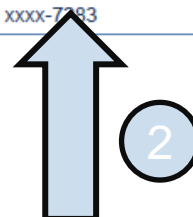
Excise >

My connected parties

My tax practitioner details >

Income tax registrations

Reference no.	Account no.	Status	Deactivate
7444444444	xxxx-7283	Inactive	Deactivate



First Tax Ref number status must be :
Inactive – EST Deceased Estate OR
Active: EST-Deceased Estate

"Tax Type" Demographics

CEDEM01

Reference Number Product Status: XXX Deactivate

Income Tax Liability Details

LBLDT01

Taxpayer Sub-Category 25 ▼ Initial Year of Liability (CCYY) 4

Taxpayer Classification 25 ▼ Date ceased to be a resident (CCYYMMDD) 8

- Functions:
- > View list of Income Tax Registrations
 - > View / Edit Demographic Details of the active Income Tax Registration
 - > Add a new Income Tax Registration (This feature is disabled if an active registration already exists)

Notice of Registration



<Post date of death Registration>

Individuals – “Post date of death” Registration

- {Client Name}
- {Client Name}
- {Field Address line 1}
- {Field Address line 2}
- {Field Address line 3}
- {Field Address line 4}
- {Field Postal Code}

Look & Feel:
Project: Estate Reform Production date: 2016-12-09 V2016.00.02 ID SL000002

Dear <Taxpayer><Representative Taxpayer>

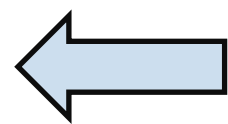
NOTICE OF REGISTRATION

The South African Revenue Service (SARS) confirms registration of the following taxpayer:

- <Name and Surname A/N 70>
- <ID number N13> <Passport number A/N 18>
- <Taxpayer reference number A/N10>
- <Date of Registration A/N10 (2013-01-01)>
- <Post date of death Registration> <Taxpayer reference number A/N10>
- <Registered name A/N70>

Ind
ic

Individuals – “Post date of death” Registration



<ALL TAX TYPES*>

NOTICE OF REGISTRATION

Enquiries should be addressed to SARS:

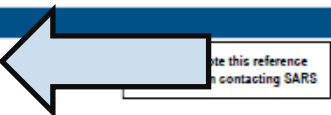
Contact Detail

<SARS Details>

Contact Centre Tel: 0800 00 SARS (7277)
 Website: www.sars.gov.za

Details

- <Taxpayer Reference No:>
- <Case No:>
- <Date:>





Today in 1985, 73 years after the Titanic sank with the loss of 1500 lives, the first pictures of the wreck were released.

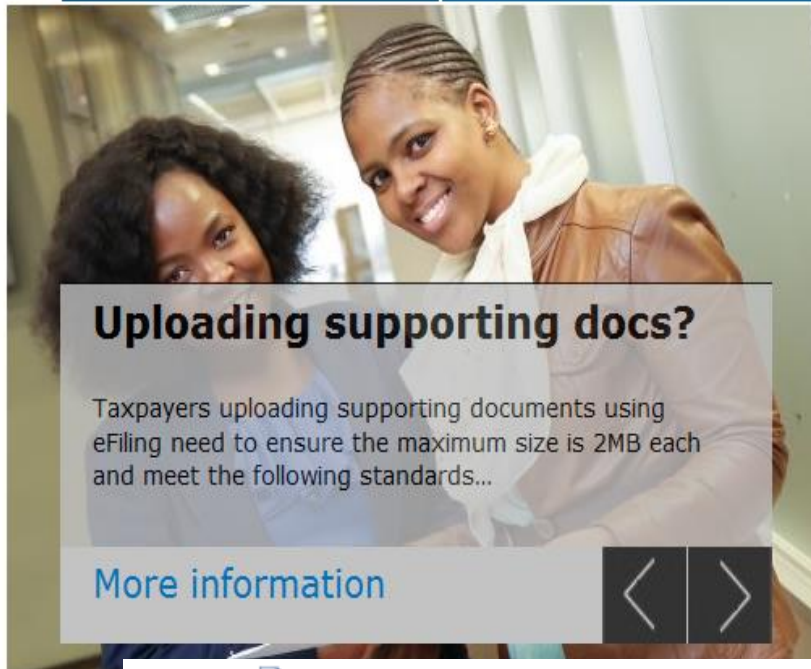


Individuals ▾

Businesses and Employers ▾

Tax Practitioners ▾

Customs and Excise ▾



Uploading supporting docs?

Taxpayers uploading supporting documents using eFiling need to ensure the maximum size is 2MB each and meet the following standards...

[More information](#)

What's New

Employer Interim Reconciliation
The Employer Interim Reconciliation will open on 15 September and run to 31 October 2017, [read more](#)

Special Voluntary Disclosure
Disclose offshore assets and income with SARS before 31 August 2017 to avoid penalties or criminal prosecution, [read more](#)

SARS eFILING

- Login
- Register Now
- Forgot Password?
- Forgot Username?

e@syFile

 [How to Complete the Registration Amendments and Verification Form RAV01](#) to view and maintain legal **entity registration** (demographic and specific tax type) details ... History - indicate all submitted forms for legal **entity**. o Merge **Entities** - view ...
- Document Type: **Guide**
Date: 18/08/2017 Size: 6MB



Deceased Estate - Assessment of Income

- Applicable only to deaths post 1/3/2016 where Deceased Estate requires registration
- Applicable under new number only

Qualifying Income

- Local and foreign
- Investment income
- Rental income from immovable property
- Trading income
- Farming income
- Trust income
- Capital gains on assets disposed by Executor
- **NOT** IRP5/IT3a type income eg lump sums or vesting of share option

Deductions/Exemptions

- Interest exemptions for < 65 year old (currently R23 800) even if the deceased person is > 65
- Any capital gain on the disposal of a primary residence, where the gain does not exceed R2mil, will be disregarded

Deductions/Exemptions

...continued

- CGT exclusions on the sale of primary residence and personal use assets
 - DE will be taxed at same rate and enjoy same inclusion rate applicable to ordinary or living taxpayers
 - Current exclusion = R40 000
 - Current inclusion rate = 40%

Deductions/Exemptions

...continued

- Deductions not allowed
 - Medical
 - Travelling
- No period assessment
- Provisional tax not applicable
- No rebates
- No liability for estate duty
 - Estate duty not claimable as deduction in DE

Assessment of income

- Income tax assessments must be submitted for every year per year of assessment until such time as the estate becomes distributable ie do not wait until distribution to submit
- The income and expenditure must be split per year where it takes more than one financial year to finalise the estate
- Age and marital status is ignored for purposes of assessment

Marriages in community of property

- Where deceased person was married in COP & income is earned by the DE
 - 50% of income must be declared by the DE &
 - the other 50% declared by the surviving spouse
- Investment income + rental income (local and foreign) + CGT + foreign credits – must be reflected as 50%
- Gain up to R1m iro disposal of primary residence may be claimed in DE
 - Balance must be reflected in spouse's return

Assessed Loss

- No assessed loss including CGT assessed loss may be carried over from the deceased person to the Deceased Estate
- The Deceased Estate will be allowed to carry over losses per year, until the Liquidation and Distribution account becomes distributable

Assessment of income...contd

- The L&D account must be submitted in order to prove any of the following:
 - Income received by the executor
 - Assets acquired by the DE from the deceased person
 - Assets disposed of by the DE to an heir or legatee
 - Assets disposed of by the Deceased Estate to a resident surviving spouse

Assessment of income...contd

- The assessment of this income up to date of the final L&D account as approved by the Master of the High Court will form part of the expenditure in the Income and Expenditure Account of the Deceased Estate and is due and payable by the Executor
- The usual expenses as in the Income and Expenditure account are allowed

Assessment of income...contd

- The following expenses are not allowed as deductions:
 - Advertisement costs for debtors and creditors
 - Advertisement costs for liquidation and distribution account
 - Master's fees
 - Executor's remuneration
 - VAT on the executor's remuneration
 - Postage and petties

Assessment of income...contd

- Income earned during advertisement period up to approval:
 - Deceased Estate is liable for the tax
 - must be declared in DE's final return although not reflected in Income and Expenditure account of L&D account
- Income earned post approval:
 - Accrues to beneficiaries
 - Executor must inform beneficiaries to declare in respective returns

Assessment of income...contd

- Where an executor has not registered a Deceased Estate, a SARS auditor may register the DE while auditing the deceased person where it has been determined that there is relevant or qualifying income after date of death per the Income and Expenditure Account which requires a DE to be registered

Conclusion

- Example of an income tax return
- Refer to SARS website (www.sars.gov.za) for relevant external guides

THANK YOU