



South African Revenue Service

Dear Taxpayer

Enhancements to the Income Tax Return for Trusts (ITR12T)

During February 2018 the South African Revenue Service (SARS) will implement several changes to the Income Tax Return for Trusts (ITR12T) in respect of the year of assessment ending on 28 February 2017.

The changes are being implemented as part of SARS's ongoing efforts to promote efficiency and compliance.

If you saved or submitted your 2017 ITR12T prior to the implementation of the latest changes, none of the new fields will be presented for completion.

The contents of the return are fully customisable based on answers to certain questions presented to you for completion.

Some important changes to the ITR12T

- **Dividends deemed to be income in terms of s8E and s8EA**
The introduction of a new local income type, i.e. dividends deemed to be income i.t.o. s8E and s8EA.
- **Disclosure of Details of Trusts / Companies / Individuals that Transacted with the Trust**
The ITR12T has been updated to:
 - Exclude trusts that are collective investment schemes or employee share incentive schemes from having to disclose information related to details of persons that transacted with the Trust.
 - Introduce additional validations for all other trusts to ensure that the income distributed by the trust to other persons (trusts / companies / individuals) is fully disclosed.
- **Learnership Agreements (s12H)**
The ITR12T has been updated to require a detailed schedule of all learnerships registered / entered into and learnerships completed where the trust claims a s12H deduction. This schedule requires the number of learners and the allowance amount to be completed for each field listed in the learnership schedule. The schedule requires separate disclosure for learners with a disability and learners without a disability for NQF levels 1 – 6 and NQF levels 7 – 10.
- **Loan, advance or credit to a trust (s7C)**
A new section 7C has been added which makes provision for interest free or low-interest loans that are made directly or indirectly by a natural person or a company at the instance of the natural person connected to such company to a trust. A number of conditions apply, as

well as certain exclusions. In essence, the difference between the amount incurred by the trust as interest and the amount that would have been incurred by that trust at the official rate of interest as defined in section 1(1) of the Income Tax Act, No 58 of 1962 (as amended) (“the Act”) will be treated as having been donated by the natural person to the trust and will therefore be subject to donation tax in terms of section 54 of the Act. The natural person may use the annual donations tax exemption of R100 000 (or the remaining portion if applicable) against this deemed donation.

The section 7C donation is deemed to be a continuing annual donation for purposes of donations tax and deemed to be made by the natural person on the last day of the year of assessment of the trust which is generally the last day of February. It is important to note that in terms of section 60(1) of the Act, donations tax is payable by the end of the month following the month during which a donation takes effect or such longer time as SARS may allow. Therefore, in almost all section 7C deemed donations, the donations tax payments must occur by the end of March.

For more information regarding how to make donation tax payments, taxpayers are advised to visit the SARS website.

Supporting documents and additional information

The following documents (at a minimum) are needed in order to complete the Income Tax Return for Trusts (ITR12T) on eFiling:

- Financial statements and/or administration deductions.
- All certificates and documents relating to income and deductions.
- Proof of any tax credits claimed.
- Particulars of assets and liabilities.

If filing at a SARS branch all relevant supporting documents must be provided.

Remember to keep all supporting documents for five years. SARS may request the documents if verification is required.

Where applicable the following schedules which are available on the SARS website (www.sars.gov.za) must be completed as you will be required to upload these in respect of your ITR12T submission:

- Where the trust was engaged in mining or mining operations as defined in section 1 of the Income Tax Act: Mining Schedules A and B.
- Where the trust, together with any connected person in relation to the trust, holds at least 10% of the participation rights in any controlled foreign company (CFC): IT10 schedule (in respect of each CFC).

To upload the supporting documents via eFiling, click on “Upload supporting documents” once you are ready to submit your return.

Maintaining registered particulars of the trust

- Before completing the ITR12T return the trusts’ particulars will have to be maintained.

- Make sure that the contact, address, banking and trustee details are correct by updating where required on the Registration, Amendments and Verification Form (RAV01). The RAV01 can be verified and updated by:
 - Clicking on “Maintain Registered Particulars” on eFiling. SARS may request you to come into a branch to verify any changes to the banking details which may have been done via eFiling
or
 - Visiting a SARS branch. Please consult the RAV01 guide on the SARS website to prepare the mandatory supporting documents (relevant material) required when updating banking and trustee details at a SARS branch.

How to submit the ITR12T

You can submit the ITR12T via the following channels:

- eFiling: Taxpayers who have not yet registered for eFiling you are encouraged to do so as this will enable you to complete and submit the return online in a secure environment.
- SARS branch: If you are representing a trust with ten or fewer beneficiaries you have the option to have the ITR12T return captured by an agent at the branch. Please print the return and complete all the required fields prior to visiting the branch. You can download the ITR12T return from the SARS website www.sars.gov.za. SARS branches will no longer print the ITR12T.

Please note that manually completed and posted ITR12Ts are no longer accepted by SARS.

For more information please visit the Trust page on the SARS website www.sars.gov.za where you will find guides which will help you to complete and submit your return, or contact the SARS Contact Centre on 0800 00 7277.

THE SOUTH AFRICAN REVENUE SERVICE

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