



RENTAL INCOME





The South African Revenue services (SARS) has issued a statement advising all South African property owners that the rental income they receive must be declared in their income tax returns.

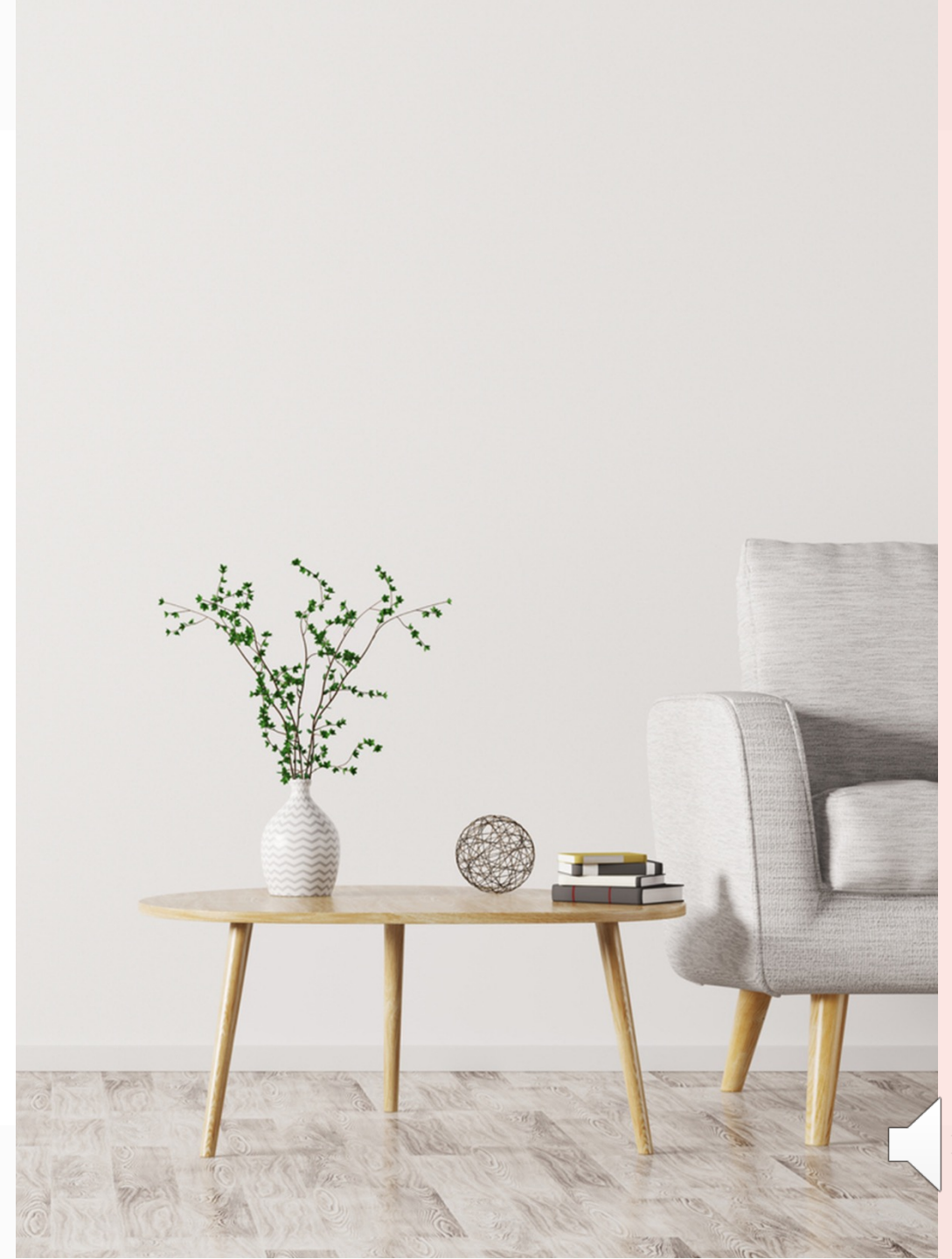
The statement essentially means that any person who has rental income from letting out their property has an obligation to declare such rental income to SARS.

Property owners who have not declared rental income are encouraged to start getting their affairs in order by setting up a regulated system.



There are certain deductions that property owners can claim that they would not be allowed to claim had they not let out their property and these benefits are as follows:

- Water & Electricity
- Rates & Taxes
- Levies to the local municipality
- Agent fees
- Bond interest
- Insurance
- Repairs and maintenance



Notes: when less than 100% of the property is being let out, then only a portion of the rental related expenses can be deducted. The portion is determined by dividing the floor area of the space being let, by the total floor area of the property.

The affected taxpayers are encouraged to make usage of the Voluntary Disclosure Programme (VDP) which has a number of favourable terms.



Thank You

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