

Taxation benefit of Retirement Annuity:

Amounts are rounded to the nearest R1

Example 1**Without RA Fully Utilized RA****Taxpayer AB Normal under 65 years**

Monthly Salary - Pensionable (80%)	45,000
Taxable Travel Allowance (Assumed Fully Deductible)	6,000
Net Rental Income (LBT)	6,000
Total Monthly Income	<u>57,000</u>
(Assumed 12 payments p.a.)	

Gross Annual Income	684,000	684,000
Less Pension Deduction	(32,400)	(32,400)
Less Travel Expenses Deduction	(72,000)	(72,000)
Subtotal	<u>579,600</u>	<u>579,600</u>
RA Deduction	-	(27,000)
Taxable Income	<u>579,600</u>	<u>552,600</u>
Taxation (Assuming no other deductions)	150,705	140,445
UIF Contribution on Salary	1,785	1,785
Annual Net income after tax and UIF	<u>499,111</u>	<u>482,371</u>
Monthly Net income after tax and UIF	41,593	40,198
Difference (Net Monthly Cost of RA)		(1,395)
After tax cost of the RA Annually	-	16,740
SARS Funded portion of the RA Annually	-	10,260
	-	<u>27,000</u>

Example 1**Without RA Fully Utilized RA****Taxpayer IM Wyze under 65 years**

Commission - Annual	865,000
Deductible Travel Expenses - Annual	56,000

Gross Annual Income	865,000	865,000
Less Pension Deduction	-	-
Less Travel Expenses Deduction	(56,000)	(56,000)
Subtotal	<u>809,000</u>	<u>809,000</u>
RA Deduction	-	(121,350)
Taxable Income	<u>809,000</u>	<u>687,650</u>
Taxation (Assuming no other deductions)	241,285	192,745
UIF Contribution	1,785	1,785
Annual Net income after tax and UIF	<u>565,930</u>	<u>493,120</u>
Monthly Net income after tax and UIF	47,161	41,093
Difference (Net Monthly Cost of RA)		(6,068)
After tax cost of the RA Annually	-	72,810
SARS Funded portion of the RA Annually	-	48,540
	-	<u>121,350</u>