

ISSUE 25, JAN 2024

# BOOKKEEPING REQUIREMENTS



WORK HARD  
TO BE  
SUCCESSFUL



# Accounting & Marketing Service Provider

**est. 2012**

Our team of experienced accountants and tax practitioners are here to help you maintain your legal status with SARS and CIPC.

Let us focus on your accounting and marketing while you focus on the core of your business.



- Financial Statement Preparation
- Accounts Receivable Management
- Accounts Payable Management
- Financial Management
- Tax Planning
- Tax Consultation
- Bookkeeping
- Tax Preparation

## Interested to work with us?

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# EDITOR'S LETTER



This bookkeeping guide was created to assist companies to keep track of their records more accurately.

Bookkeeping is a requirement for all forms of businesses as a:

- Sole proprietor
- Partnership
- Private Limited Company
- Non-profit company
- Co-Operative

Failing to keep financial records is a criminal offence as it is seen as tax evasion and can result in time in jail.

*Jackie Roth*  
**MAGAZINE EDITOR**

# TOP FIVE TYPES OF BUSINESSES

Each form of business has varying tax implications and therefore accounting needs to be accurately recorded for each type of business.



## CIPC AR

Bookkeeping will assist with the submission of your CIPC annual return which is due for submission on the anniversary date of first registration with CIPC, annually i.e. if you first registered on 04/02/2017 then you will need to submit your CIPC annual return on the 04th of February every year.

Failing to submit your CIPC annual return for two consecutive years will result in your company entering automatic deregistration process due to annual return non-compliance.

Simply submit your CIPC annual return to return to active status before final deregistration process.

# 01

## SOLE PROPRIETOR

Operates on a small scale and run by self-employed individuals. Includes the informal businesses. No requirement to register with Company and Intellectual Property Commission (CIPC).

### **Tax Responsibilities:**

Register for Personal Income Tax (PIT) and annually declare your business income on the Income Tax Return for Individuals (ITR12). Where you need to pay SARS, you must do so before the payment deadline reflected on your Notice of Assessment (ITA34).

# 02

## PARTNERSHIP

Two or more people with common interest who join to run a business. No requirement to register with CIPC. Each partner will be taxed separately according to their share in the business.

### **Tax Responsibilities:**

Register for Personal Income Tax (PIT) and annually declare your business income on the Income Tax Return for Individuals (ITR12). Where you need to pay SARS, you must do so before the payment deadline reflected on your Notice of Assessment (ITA34).



# 03

## PRIVATE COMPANY & CLOSE CORP.

Formal business that is required to register with CIPC and obtain a company registration number. The company is separate from the owner and the owner is required to submit their Personal Income Tax.

### **Tax Responsibilities:**

- »» Automatic registration for Corporate Income Tax (CIT) when registering with CIPC and declare CIT annually on ITR14
- »» Register for VAT – if you qualify
- »» Register for PAYE – if you qualify and Special Small Business taxes: Turnover Tax, SBC or ETI.
- »» Payment of taxes

# 04

## NON-PROFIT

A non-profit company is formed by three members to create an organization for the greater good of the people. The profits of a NPO is not for the directors but rather for the community.

### **Tax Responsibilities:**

NPC's must register with SARS as a Public Benefit Organization and also register for a tax exemption certificate (s18a).

# 05

## CO-OPERATIVE

A Co-operative is formed when a group of people, with common interests, joins to achieve a certain economic, social or cultural goal, such as a stokvel, community agricultural venture, etc. A Co-operative is required to register with CIPC. Co-operative are taxed as companies.

### **Tax Responsibilities:**

- »» Automatic registration for Corporate Income Tax (CIT) when registering with CIPC and declare CIT annually on ITR14
- »» Register for VAT – if you qualify
- »» Register for PAYE – if you qualify and Special Small Business taxes: Turnover Tax, SBC or ETI.
- »» Payment of taxes



Co-Operatives are created by a group of members who wish to come together to achieve a common goal.

# GUIDE TO ACCURATE RECORD KEEPING

## DEBTORS



It is important to keep a record of all sales transactions i.e. invoices that you create.

It is also important that you keep your invoices in a numerical order as well as a date order i.e. INV0001.

Debtor invoices are used to determine the amount of sales you have done and ultimately the amount of profit your company has made after deductions.

### **Checklist:**

- Debtor invoices raised
- Cash sale invoices raised
- Till Slips for retail stores



“

**There are no secrets to success. it is the result of preparation, hard work and learning from failure.**

Creditors are company's which you purchase regularly from and may have either a COD or 30 day account with.

Creditors have to be

reconciled to match the creditors statement on a monthly basis to ensure all invoices are captured and that the creditor gets paid the right amount.

Creditor invoices are related to the business expenditure for the successful operation of your company.

Creditor invoices are deducted off the amount of sales (debtor invoices) in order to realize if the company has made a profit or a loss.

## CREDITORS

### CHECKLIST:

Creditor invoices:

- Rental invoices
- Invoices related to purchasing of stock item's
- Other ad-hoc invoices
- Creditor statements
- Proof of payments for each creditor

Cash Slips:

- Airtime
- Fuel
- Stationery
- Staff toiletries
- Staff consumptions i.e. coffee, milk, sugar etc.
- Postage
- Printing



# BANK STATEMENTS & LOANS

## LOANS →

Loans can be in the form of a business loan or vehicle finance or even a property bond.

Each of these has to be captured into the books as a long term liability and in certain instances an asset.

Depreciation is also a necessary step when accounting for items which are also an asset to the business as we need to gradually diminish the value of the asset at market value as when the asset is sold there is a tax implication for the sale of an asset.

## BANK STATEMENTS →

Firstly, let me start off by saying that you must separate your business transactions from your personal transactions.

It is therefore very important that you have both a business bank account and personal account.

But dont worry, if you have spent any of your personal capital to invest into your business, we will request both your business bank statements and your personal bank statements to ensure that no transactions are missed.

### CHECKLIST:

- Business bank statements
- Personal bank statements
- Vehicle finance statements
- Long term loans statements.
- Bond statements
- Asset register
- Depreciation schedule



# PAYROLL REQUIREMENTS



## CHECKLIST:

- Employee list
- Payroll journals from HR company (if applicable)
- Dividend payout schedule
- Latest EMP201 declarations
- Latest EMP501 declarations

We will require a comprehensive list of employees with their personal tax number as well as their PAYE number and UIF number.

This should all be on an excel spreadsheet if you would like us to capture your monthly EMP201 employee taxes as well as your annual EMP501.

Please note that a director cannot just take money out of your company without it been either captured as a salary and the relevant taxes applied or alternatively these types of director drawings will be captured into a shareholder loan account which needs to be repaid back to the company.

## DIVIDENDS:

Dividends are payments made to shareholders that are based on the company's profits.

As a director, if you own shares in the company, you can choose to pay yourself through dividends.

The business must be making a profit after tax to pay dividends.

Director dividends is taxed at 20% in your personal capacity.



# SARS & CIPC REQUIREMENTS

## SARS:

- SARS eFiling login details
- Latest income tax submission
- Latest VAT submission
- Last provisional tax submission

## CIPC:

- Latest CIPC annual return submission result

## FROM YOUR PREVIOUS ACCOUNTANT

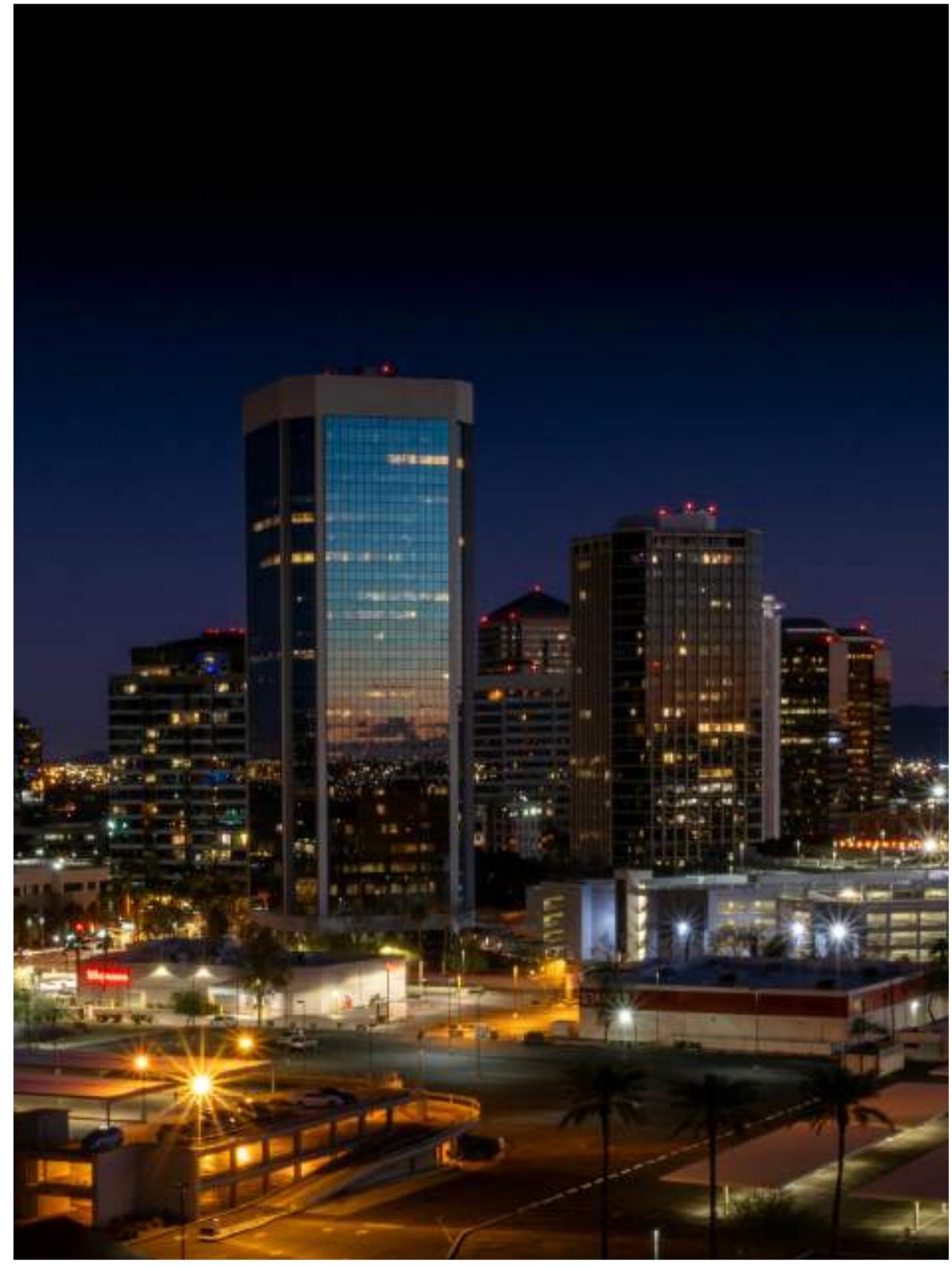
We will need the following from your previous bookkeeper / accountant for record purposes:

### CHECKLIST:

Last completed financials:

- Trial balance sheet
- Income statement
- Balance sheet
- Management report
- Financial statements
- Above SARS & CIPC requirements
- SARS tax type transfer





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